April 1, 2011

Ms. Sandra J. Paske
Secretary to the Commission
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

RE: Docket No. 05-GF-144

Dear Ms. Paske:

Enclosed for filing please find the Final Report of the Low Income Task Force. In its Order dated March 11, 2011 the Public Service Commission approved We Energies' request to revise its Low Income Program based on the objectives and structure proposed by the Low Income Task Force. The Final Report explains in depth the changes to the Pilot Program and the reasons for those changes. We Energies is providing, in a separate filing, the details of the revised Low Income Program.

As co-chairs of the Low Income Task Force, we would like to thank all of the participants who served on the Task Force. We believe that this Final Report incorporates aspects of best practices from programs around the country, the best of the original Low Income Pilot and demonstrates that programs targeting low income customers can be cost effective.

Questions related to the Final Low Income Task Force Report can be directed to either of us.

Very truly yours,

Joan M Shafer

Joan M. Shafer
Co-Chair
We Energies

Carrie Templeton

Carrie Templeton
Co-Chair
Public Service Commission of Wisconsin

Enc.
Copy to: Task Force Members

LOW INCOME TASK FORCE

FINAL REPORT

Submitted By the Low Income Task Force
April 1, 2011

Joan Shafer – Co-Chair
Carrie Templeton – Co-Chair

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I. LETTERS OF SUPPORT

COMMUNITY ADVOCATES
Where Meeting Basic Needs Inspires Hope

Joan Shafer, Vice President
We Energies
231 West Michigan Street
Milwaukee, WI 53203

Carrie Templeton, Assistant Administrator
Public Service Commission of Wisconsin
Division of Water, Compliance and Consumer Affairs
610 North Whitney Way
Madison, WI 53705

March 25, 2011

Joe Volk, Chief Executive Officer
Community Advocates, Inc.
728 North James Lovell Street
Milwaukee, WI 53233

Dear Ms. Shafer and Ms. Templeton:

On behalf of the Community Advocates staff, board of directors, and the clients we serve, I would like to thank you both, along with former co-chair John Shenot, for your careful and diligent stewardship of the Low Income Task Force (LITF).

The Low Income Pilot (LIP) was the brainchild of Ramon Wagner, the founder of Community Advocates, who saw thousands of low-income We Energies customers show up at our front door desperately seeking help with energy bills. He wanted to do something to alleviate their struggles, so he worked closely with the original drafters of the LIP to create a program that would help those in need to afford utility services, and benefit all of the utility's customers.

For five years, Community Advocates has been a proud partner with We Energies in administering the LIP. We employ 5 employees that have worked with more than 5,000 individuals. Community Advocates views the LIP as a highly successful energy assistance program for Milwaukee's most impoverished utility customers. We have integrated the LIP program into some of our permanent housing programs. The program allows low-income individuals to afford homes that have better living standards and are more energy efficient. Landlords favor low-income tenants that are in LIP because they understand the case management that the tenants can access.

We have helped many individuals and families in need benefit from this program. One individual we helped is Ms. Loretta Sheets, who was referred to our office for the LIP program in May 2007.

When she came to us to get enrolled in LIP, she had a payee not affiliated with our agency. Sadly, her payee later disappeared with her funds. Since she no longer had a payee, the Social Security Administration would not release her benefits check until she had proof that she had a protective payee. Ms. Sheets was in jeopardy of losing her housing because she could not pay her rent.

At the time, the Community Advocates payee program was at maximum capacity. However, an LIP case manager talked to one of the payee's case managers, who made an exception to take her on as a new Community Advocates payee client. The case manager contacted Ms. Sheets and set up an appointment to interview her. The payee contacted the Social Security Administration to inform them that she had a payee, and they should release her checks. During this appointment, Ms. Sheets' eligibility for other public benefits was also evaluated. Today, Ms. Sheets is still enrolled in the program and doing well. She also continues to work with the Community Advocates payee department, learning to budget her funds and to maintain safe and affordable housing.

Our involvement with the design and operation of this program, and our work with clients like Ms. Sheets, caused Community Advocates to be concerned about the Public Service Commission of Wisconsin's (PSCW) directive to immediately end the educational components of the current LIP – some of which Community Advocates has facilitated – and end the program altogether on April 15, 2011.

I asked several of our staff members to actively participate in the LITF's meetings and to provide research and analytical support to its examination of the current LIP, its design of the Revised Low Income Program (RLIP), and other issues, including extensive research into best practices for providing energy assistance to low-income utility customers.

The proposed RLIP is a sound plan to address the needs of low-income We Energies customers. We are pleased by the LITF's recommendation to continue the administrative partnership between social service agencies and We Energies. This mutually beneficial partnership is integral to the success of the program.

Community Advocates cannot stress enough the need for expanding this program to include more of Milwaukee's at-risk population than the current cap of 3,000 participants. The research conducted by the LITF clearly indicates that a large number of We Energies customers qualify for, and would benefit from, enrollment in this program. After the LIP's initial approval by the PSCW, Ramon Wagner told the *Milwaukee Journal Sentinel* on February 25, 2005, "Ratepayers in the long run are going to save money." The cost-benefit analysis conducted by the LITF has proven that the LIP has indeed saved ratepayers money. Expanding the enrollment cap makes sense both socially and financially, and would benefit both our low-income neighbors and the ratepayers.

The final report reflects countless hours of collaborative evaluation and discussion by the LITF. Community Advocates strongly supports the recommendations within this report, and encourages the PSCW to approve We Energies' proposed RLIP.

Sincerely,

Joe Volk, Chief Executive Officer
Community Advocates

March 22, 2011

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
610 Whitney Way
Madison, WI 53707-7854

RE: Docket 05-GF-144

Dear Ms. Paske:

The Citizens Utility Board would like to express our support for the recommendations of the Low Income Task Force to continue the program offered by We Energies that is helping households with limited incomes maintain electric service and make payments toward their monthly energy bills.

CUB is a member-supported nonprofit organization that advocates for reliable and affordable utility service on behalf of residential, farm, and small business customers of electric, natural gas, and telecommunication utilities.

I participated on the Low Income Task Force in 2004-05, when it developed the "low-income pilot." I also participated on the Low Income Task Force when it was reconvened in the fall of 2010 to consider ways to improve the pilot program.

As detailed in its report to the Public Service Commission, the task force developed recommendations for a "revised low-income program." CUB supports the revised low-income program, because we believe that it will continue the success of the pilot program in allowing customers of We Energies to make payments toward their energy bills and maintain electricity service. The revised low-income program will provide these benefits with more efficiency and at less cost per household than the pilot program, and at less cost than other efforts by We Energies in assisting low-income families.

Our recommendation for a revised low-income program includes the continued delivery of services by social service agencies in the territory served by We Energies. These agencies provide irreplaceable connections to the households that need the services offered by the program, as well as assistance provided by other programs. We strongly recommend the expansion of this program to areas served by appropriate social service agencies in Racine, Kenosha and other areas served by We Energies.

16 N. Carroll Street Suite 530 • Madison, WI 53703 • (608) 251-3322 • fax (608) 251-7609
website: www.wiscub.org • email: staff@wiscub.org

Thank you for your consideration, and please contact me if you have any questions or need further assistance.

Sincerely,

Charlie Higley
Executive Director

March 25, 2011

To: Carrie Templeton, Public Service Commission of Wisconsin, LITF Co-chair
Joan Shafer, We Energies, LITF Co-chair

Subject: We Energies Low Income Pilot Cost Analysis, Case #5-GF-144

Dear Ms. Templeton and Ms. Shafer:

This letter is in regards to the Low Income Pilot Cost Assessment directed by the Public Service Commission of Wisconsin to revisit the cost analysis for the Low Income Pilot (LIP) administered by We Energies. This study was originally completed by Tetra Tech staff (formerly PA Consulting Group) as part of the three-year program evaluation of the We Energies Low Income Pilot[1]. This benefit-cost analysis was not initially intended to be used as a formal cost-benefit assessment; rather, it presented, from a process evaluation perspective, some guidance as to what other utilities or organizations might expect the program to cost them if the program were to expand beyond We Energies.

Having been previously involved in the pilot program and understanding the inputs necessary for a cost analysis, We Energies—on behalf of the Low Income Task Force (LITF)—contracted with Tetra Tech to be an independent reviewer of the cost analysis. As lead evaluator for Tetra Tech, I reviewed and provided comments regarding the methodology, study inputs, calculations, and presentation of the results. Additionally, I attended two Low Income Task Force meetings. The objective of the first meeting was to present the previous methodology employed in the third-year evaluation report. The objective of the second meeting was to provide technical support to We Energies in the presentation of the revised cost analysis.

We Energies used two data sources to develop their revised cost assessment. The study was initially based on data gathered through the three-year evaluation, which included retention rates and down payment values. We Energies supplemented the evaluation research with actual cost, revenue, and contact data from program participants and eligible customers.

The cost analysis using primary customer data was initiated based on the fact that a portion of the costs within the initial evaluation analysis were based on broad assumptions. Additionally, the study population was from as early as 2006, and changes in fuel costs and economic conditions may have affected payment streams and behaviors. To attempt to develop more defensible estimates, We Energies analyzed customer data from a number of perspectives such as the number of contacts (inbound or outbound), disconnections, payments, and revenue stream.

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[1] Schauer, Laura, Pam Rathbun, and Jeremy Kraft, *WE Energies Low Income Pilot: Year 3 Final Evaluation Report.* March 31, 2009.

Tetra Tech, Inc.

6410 Enterprise Lane Suite 300, Madison, WI 53719
Tel 608.316.3700 Fax 608.661.5181 www.tetratech.com

Based on my experience with the program and my review of We Energies' analysis files and assumptions, I believe that the current method for determining the cost of the program is a more accurate reflection of the program's impact on the utility and ratepayers than what was presented in the evaluation report. However, there are a few points of interest that warrant discussion in regards to this analysis.

First, the primary data analysis from We Energies' CIS system, while thorough, is based on a limited number of cases (approximately 20 from each group). This sample size was limited due to the extensive effort it took to follow through the activity for the sampled customers. Although limited, the sample included multiple years of data for each customer, which was annualized for the analysis.

As we would expect from a low-income population, we see the use and payment data has material variation; meaning there is no single consistent pattern amongst the customers. With that said, the analysis did show the behaviors of the participants who were successful on the We Energies Low Income Pilot were significantly more predictable than their nonparticipating counterparts on managing their energy costs. Ongoing sampling could be considered to continue to corroborate these findings.

Second, the analysis shows that the program offers a financial benefit to the ratepayers. Per the analysis, the ratepayers see a net financial benefit of approximately $450,000, or a net reduced cost per participant of approximately $150.

Therefore, the benefit isn't just in the reduced costs, but also that the LIP customers stayed connected and continued to make monthly payments. As mentioned earlier, the analysis of sampled participants clearly showed the degree to which the LIP stabilized participants' payment behaviors. As a result, it reduces contact points into or outbound from the utility (e.g., payment requests, disconnection notices); resources which then can be redirected to other customers.

Last, it is worth noting that although the primary concern with programs such as the LIP is the impact on the ratepayers per a cost analysis, the evaluation found many additional benefits that cannot necessarily be captured in a cost assessment. As testament to these benefits, the participating community action agencies put in a considerable amount of resources above and beyond what they are reimbursed for—simply because they see the positive impact the program has on We Energies' customers.

Please feel free to contact me with any questions regarding my assessment of this cost analysis.

Sincerely,

Laura Schauer

Laura Schauer
Manager

Tetra Tech, Inc.

6410 Enterprise Lane Suite 300, Madison, WI 53719
Tel 608.316.3700 Fax 608.661.5181 www.tetratech.com

George Gerharz
2525 North 97th Street
Milwaukee, WI 53226
Telephone: (414) 303-7450 Fax: (414) 476-5738
email: ggerharz@AOL..com

March 30, 2011

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
601 Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707

Dear Ms. Panske:

As a volunteer member of the Low Income Task force created by the Wisconsin Public Service Commission to review the Wisconsin Energy Low Income Pilot (LIP), I am writing to indicate my support for the Revised Low Income Pilot Program (RLIP).

My interest in serving on the task force stemmed from a long-time commitment to energy issues facing low income owners and renters. I was fortunate enough to have been part of the original work group that designed the LIP and have seen its positive impact since its inception when I attended update sessions on the progress of the program. I welcomed the opportunity to serve on a group changed by the Commission to improve the program.

The report, I believe, offers many improvements to the LIP. Of special importance to me were the elimination of unnecessary participation requirements that could result in persons unnecessarily being eliminated from the program, a clearer focus on assuring ongoing payments by low-income customers as the core of the program, and resolution of the question of the value and cost-effectiveness of using community based resources.

In addition, I was glad to be part of the effort to determine that this program was financially responsible and benefited not only low-income households but also other ratepayers.

I would have preferred to have had the program further expanded and hope that this may occur in the future. However, for the present, RLIP is an important program that both assists and encourages responsibility of low-income customers.

If you would like additional information or clarification of my comments please do not hesitate to contact me.

I appreciate your attention.

Sincerely,

Georg e Gerharz

Hebron house of hospitality

Administrative Office
Housing Assistance Programs
1601 East Racine Avenue
Suite 103
Waukesha, WI 53186
(262) 549-8720
Fax (262) 549-8730

Shelters
Hebron House
812 N. East Avenue
Waukesha, WI 53186
(262) 549-8722
Fax (262) 549-8731

Jeremy House
1301 E. Moreland
Waukesha, WI 53186
(262) 549-8735
Fax (262) 549-8737

Siena House
1519 Summit Avenue
Waukesha, WI 53188
(262) 549-8732
Fax (262) 549-8739

Washington County Shelter
143 N. 8th Avenue
West Bend, WI 53095
(262) 334-7450
Fax (262) 334-7129

March 23, 2011

Ms. Sandra J. Paske
Secretary to the Commission
Public Service Commission of Wisconsin
610 North Whitney Way
Madison, WI 53705-2729

Re: Docket No. 5-GF-144

Dear Ms. Paske:

Throughout the years of its existence, the goal of the LIP has been to keep targeted low-income customers in Milwaukee and Waukesha counties connected and to aggressively manage the factors that are most closely associated with those customers' inability to pay their energy bills. Hebron House of Hospitality is one of the partner social service agencies participating in the Low Income Pilot program.

Hebron House of Hospitality is a grass roots, faith-based organization. Hebron House of Hospitality provides emergency shelter, housing support services that include Case Management, budget counseling, no-interest loans for rent and security deposit assistance, the Expediting Social Security program which assists disabled individuals to receive Social Security benefits and provides permanent supportive housing. Hebron House of Hospitality has been in existence since 1983 and has a positive history of collaborative projects with both not for profit organizations as well as for profit companies. Hebron House of Hospitality also has years of experience with HUD, State funding and United Way in Waukesha County funding requirements and outcome measurement.

Hebron House of Hospitality participated in the Low-Income Pilot Task Force and endorses the final report produced after months of work, evaluating the program outcomes and needs of the participants. This agency believes the pilot program could continue to be a great benefit to low income residents of Waukesha County. With this program clients living in subsidized housing can retain that subsidy and maintain the housing by addressing the back due amount owed for utilities. Guests in our emergency shelters can get the help they need addressing utility debt to get into apartments and out of the shelters. The ongoing counseling and budget review provided by social service agencies and our ability to intercede in times of crisis with the clients helps to sustain the participants success.

Hebron House of Hospitality would like to see this revised Low-Income Pilot program approved. If you would like to discuss this further or have any questions, please feel free to contact me at (262) 549-8720 ext 119, or by email at bjuno@hebronhouse.org. Thank you for any consideration given this request.

Sincerely,
HEBRON HOUSE OF HOSPITALITY

Bernardine Juno

Ms. Bernardine Juno
Executive Director

Empowering Milwaukee County residents with the resources to move beyond poverty

Executive Office

4041 N. Richards Street | Milwaukee, Wisconsin 53212
(414) 906-2700 | Fax (414) 906-2749 | www.cr-sdc.org

sdc Social Development Commission

March 24, 2011

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
610 Whitney Way
P.O. Box #7854
Madison, WI 53707
Re: Docket 05-GF-144

Dear Ms. Paske:

The Community Relations – Social Development Commission (SDC) submits this letter of support on behalf of We Energies' request to extend the Low-Income Pilot (LIP) program for another three years.

The LIP program has been operating at the SDC since the initial pilot date in 2005. We have found the combination of case management and educational workshops to be very effective in enabling clients to significantly reduce their energy bills. The programmatic improvements instituted include a shared database, customer continuation, targeting high users for Weatherization services, and targeting elderly consumers. All have enhanced our experience with the LIP Program and have been of great benefit to our clients.

The program's energy conservation and financial literacy workshops have been a positive benefit to program participants but have also allowed us to offer many other services to the individuals and families coming to us for the program. LIP Case Managers are able to connect the clients to additional SDC services such as Head Start for young children, GED/HSED education, training programs, asset building initiatives, and other services that strengthen the household. This year, a number of LIP Case Managers have also been trained and certified by the IRS as tax preparers for the Milwaukee Asset Building Coalition free tax preparation program.

Without the LIP program, many of the low-income residents and families would be hard-pressed to get back on track to self-sufficiency. The LIP program is often the client family's best option to begin paying off past due utility bills. Eliminating or severely curtailing the program would force many of the families to have to choose between paying their utility bills or with buying food or prescription medications.

Again, SDC is pleased to support We Energies request to extend the LIP program for another three years. It is a program that teaches skills for all household members and moves families beyond poverty. If you have any questions about our experience with the LIP program, please contact Jan Stenlund at 414-906-2710.

Sincerely,

Deborah Blanks

Deborah Blanks
SDC CEO

LA CASA
de Esperanza, Inc.
410 Arcadian Ave. | Waukesha WI 53186 | 262.547.0887 | Fax 262.547.0735 | info@lacasadeesperanza.org | www.lacasadeesperanza.org

Children's Programs
(Ages 6 weeks – 12 years)
Early Head Start
Early Childhood Education
1st and 2nd Shift Child Care
4K
Before and After School
Summer Camp
Summer Food
Transportation

Youth Programs
(Ages 13 -18)
After School Club
Career Development
College Exploration
Financial Education
Summer Program
Tutoring

Workforce Development
Employment Assistance
Family Self-Sufficiency
Financial Stability Education
VITA Free Tax Service
YouthBuild

La Clinica Outpatient Services
AODA Treatment
Mental Health Treatment
Counseling Services

Housing Services
La Casa Village I & II

Weatherization Services
Milwaukee, Waukesha & Jefferson Counties
City of Milwaukee

La Casa's mission is to provide opportunities for low-income individuals to achieve full social and economic participation in society, with emphasis on the Hispanic population.

NCLR National Council of La Raza
United Way
ALLIANCE for Children & Families

March 24, 2011

Ms. Sandra J. Paske, Secretary to the Commission
Public Service Commission of Wisconsin
610 North Whitney Way
PO Box 7854
Madison, WI 53707

Re: Docket 05-GF-144

Dear Ms. Paske:

This letter is to express La Casa de Esperanza's endorsement of the Low-Income Pilot Program and its continuation.

La Casa de Esperanza is a nonprofit, community social service organization that assists over 13,000 low-income, hardworking individuals and families every year as they pursue the goal of economic self sufficiency. La Casa has partnered with WE Energies over the past few years by providing case management support and financial literacy education and counseling for program participants.

It has been our experience that the LIP Program is a critical factor in assisting low-income energy customers to avoid disconnection, and more importantly to develop a positive habit of consistently paying a monthly energy bill. Additionally, participation in the LIP Program helps program participants rebuild credit, improve financial literacy – especially in the area of budgeting, and qualifies them to apply for weatherization services – resulting in lower energy costs for the participant and less negative impact on our environment.

For example, one couple, who makes ends meet on disability income, was never able to make energy payments and were disconnected every year. After they joined the program, they've been able to make every payment on time. Their credit position has improved, and their need to use community resources has decreased.

If the LIP Program is not continued, there will be significant, serious impacts. The majority of program participants (families with children and the elderly) will have their service disconnected again, because their income will not be adequate to cover actual energy expenses. A lack of energy services negatively impacts family nutrition. We also know from past experience that some families will use Pay Day Lending companies to pay to reconnect service and as a result increase their indebtedness with monthly interest rates of often 300 – 800%. Those program participants that are in Section 8 Housing, will lose their housing assistance as a result of not staying current on their energy bill. When that occurs, often families become homeless. Children with medical conditions such as asthma

LA CASA
de Esperanza, Inc.
410 Arcadian Ave. | Waukesha WI 53186 | 262.547.0887 | Fax: 262.547.0735 | info@lacasadeesperanza.org | www.lacasadeesperanza.org

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Workforce Development
Employment Assistance
Family Self-Sufficiency
Financial Stability Education
VITA Free Tax Service
YouthBuild

La Clinica Outpatient Services
AODA Treatment
Mental Health Treatment
Counseling Services

Housing Services
La Casa Village I & II

Weatherization Services
Milwaukee, Waukesha & Jefferson Counties
City of Milwaukee

La Casa's mission is to provide opportunities for low-income individuals to achieve full social and economic participation in society, with emphasis on the Hispanic population.

NCLR NATIONAL COUNCIL OF LA RAZA
United Way
ALLIANCE for Children & Families

and other breathing disorders face challenges that might prevent them from using medical equipment they need.

At one time, nonprofit and other community social service organizations might have been able to fill the void that would be created by discontinuing the LIP Program. A few years ago, there were four organizations in Waukesha County that had resources to assist families whose energy services were disconnected. In the past two years that number has decreased to one organization and even that organization has minimal resources. If the LIP Program is discontinued, in Waukesha County alone, there will be over 100 families that will need assistance – that need is currently not supportable with existing resources.

Additionally, the LIP Program helps preclude a high number of "crisis" case management incidents, which consume significant staff resources and time. It is far more cost effective to use the LIP Program model than to try to remedy frequent, repetitive financial crises.

Therefore, it seems sensible to continue a program which prevents many negative impacts on families, children and the elderly and at the same time enables them to become more financially stable, grow in financial literacy, develop constructive financial habits, and ultimately become financially self sufficient. Realistically, the journey to financial self-sufficiency is a long-term process. The LIP Program is an important step in that journey.

If I can provide additional information or answer any questions, please feel free to contact me at 262.832.1536.

Thank you for your consideration.

Sincerely,

Karen Oates

Karen Oates
Director, Workforce Development & Financial Stability
La Casa de Esperanza

LEON D. YOUNG
State Representative ○ 16th Assembly District

March 22, 2011

Joan Schafer, Co-Chair
Carrie Templeton, Co-Chair
PSCW – Low Income Task Force
610 North Whitney Way
Madison, WI 53707-7854

Dear Co-Chairs Schafer and Templeton:

I am writing today to express my complete and unwavering support for the work of the Low Income Task Force (LITF). Moreover, I strongly concur with its recommendation that the PSC Commission authorize WE Energies' Low Income Pilot (LIP) program as a permanent program.

My office's involvement with this particular issue dates back to 2005. While working in collaboration with Community Advocates and the Social Development Commission, I assisted in making the case to the PSCW for the need to establish WE Energies' Low Income Pilot program.

Every year at the end of the Winter Moratorium season, my office is inundated with urgent constituent calls seeking help in preventing the interruption of their utility services. The LIP is an arrearage forgiveness and bill payment pilot program that has a proven track record. Since its inception in 2005, 3000 low income customers, many of whom live in my Assembly district, have been helped considerably by this vital community service outreach.

Hence, I respectfully request that the recommendations for the Revised Low Income Program, as put forth by the LITF, be fully adopted. It's imperative that the work of this very essential program continues.

Sincerely,

Leon D. Young

Leon D. Young
State Representative
16th Assembly District

RECEIVED
MAR 23 2011
DIV. OF WATER, COMPLIANCE AND CONSUMER AFFAIRS

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TOLL-FREE NUMBER: (888) 534-0016 ○ EMAIL: Rep.YoungL@legis.wi.gov
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RACINE/KENOSHA
COMMUNITY ACTION AGENCY, INC.

2113 North Wisconsin Street, Racine, WI 53402
Phone: (262) 637-8377

2000 63rd Street, Kenosha, WI 53143
Phone: (262) 657-0840

March 24, 2011

Ms. Sandra Paske
Secretary of the Commission
Public Service Commission of Wisconsin
610 Whitney Way
PO Box #7854
Madison, Wisconsin 53707

RE: Docket 05-GF-144

Dear Ms Paske:

The Racine Kenosha Community Action Agency would like to extend its support to the final report of the Low-Income Pilot.

RKCAA provides a wide variety of programs to Racine County income eligible residents, providing health and well being services to over 30,000 households per year. We provide housing improvements through our Weatherization program, and emergency furnace repair and replacement for both Racine and Kenosha counties. RKCAA assists with housing concerns through our Homeless and Rapid Re-housing program, rental assistance, and LIHEAP.

I've had the privilege of serving on the task force. This opportunity has given me exposure and increased knowledge to improve and better understand the possibilities for the energy assistance program I currently manage for RKCAA.

RKCAA sees the Low Income Pilot as a program that is designed to improve the quality of life for income eligible households. The LIP program has proven success in providing income eligible households the opportunity to become self sufficient while establishing healthy pay patterns and energy conservation habits that can be shared with the entire family. The commission elected to not expand the program to Racine County at this time but we are confident that this decision will change and Racine will join WE Energies and the participating counties, in the success of the LIP program. Racine will continue to observe and explore LIP functions and how it directly impacts the households involved. It is our hope that the commission extends LIP to our community in the very near future.

In providing our endorsement for the final LIP report and its recommendations, we would also like to recognize WE Energies for their continued leadership and support in assisting low income households.

Sincerely,

Bryan Jennings

Bryan Jennings
WHEAP Coordinator
Racine Kenosha Community Action Agency

Racine/Kenosha community Action.
Helping People. Changing Lives.

WISCAP

March 21, 2011

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
610 Whitney Way
PO Box #7854
Madison, Wisconsin 53707

Re: Docket 05-GF-144

Dear Ms. Paske:

On behalf of the Wisconsin Community Action Program Association (WISCAP) and our nineteen (19) member organizations, I am writing to communicate our endorsement of the final report of the Low-Income Pilot Task Force jointly formed by the Public Service Commission and We-Energies' to advise on the future of We-Energies' Low-Income Pilot program.

WISCAP is the statewide trade association for Wisconsin's sixteen (16) Community Action Agencies and three (3) special purpose agencies with statewide anti-poverty missions. All together, Wisconsin's Community Action network is responsible for mobilizing over $249 million dollars in federal, state, local and private resources for energy conservation, housing and other programs to address the problems of poverty and create economic opportunity for Wisconsin's low-to-moderate-income families.

WISCAP has been involved in the Low-Income Pilot's initial design, strongly advocated for its initial approval and has continued to observe its operation since inception. We feel the program design has proven to have a substantial and positive impact on the ability of low-income households to advance towards economic self-sufficiency through being able to better pay their utility bills and feel the operation of the program has consistently been conducted by We-Energies in good faith, with a strong corporate commitment to helping low-income customers; it has been inclusive of community issues and responsive to low-income needs, as evidenced by the changes to the pilot in the company's requested extension.

I served as a member of the Low-Income Pilot Task Force and can attest to the group's sincere effort to design a revised pilot program which maintains the quality aspects of the initial pilot, improves on those parts of the pilot found in need of improvement and legitimately attempts to address Commission concerns.

In providing our endorsement for the final report and its recommendations, we are heartened by the continued acknowledgement and support in the Revised Low-Income Pilot for the critical role to be played by social service agencies in the community. We-Energies is to be commended for its long-standing perspective on the value of community linkages in serving low-income customers. To quote from the Low-Income Task Force's final report: "The LITF concluded that social service agencies are *uniquely qualified* to provide case management and referrals to other programs

Re: Docket 05-GF-144

which are *critical to the operation* of the RLIP and can be done for a *lower cost* than if done by We Energies personnel. The LITF believes that there is a relationship between participant success and case management." (*Emphasis is mine*)

We would also like to communicate our support for the importance of allowing We-Energies to use escrow accounting for the reasons spelled out in the final report. While we understand this issue has been separated from the approval of the Revised Low-Income Pilot and will be taken up in a future rate case, we wish to register our belief its application to the Low-Income Pilot was and is legitimate and important as acknowledgment of the unique circumstances We-Energies faces in addressing its low-income customer base.

If I can provide further information or answer any questions, please do not hesitate to contact me at 608.244.0466 or bjones@wiscap.org.

Thank you for your consideration.

Sincerely,

Bob Jones
Public Policy Director

WISCONSIN DEPARTMENT OF
ADMINISTRATION

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March 28, 2011

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
PO Box 7854
Madison, Wisconsin 53707

RE: Docket 05-GF-144

Dear Ms. Paske:

On behalf of the State of Wisconsin, Division of Energy Services, I am writing to communicate our endorsement of the final report of the Low-Income Pilot Task Force jointly formed by the Public Service Commission and We-Energies to advise on the future of We-Energies Low-Income Pilot program.

The Division of Energy Services oversees the operation of the federally funded Low-Income Energy Assistance Program (LIHEAP) and the Low-Income Weatherization Program. During the current program year we anticipate providing services to over 230,000 households with expenditures in excess of $250 million. We have always experienced a uniquely positive relationship with We-Energies and local social services agencies that cooperatively deliver state energy assistance and weatherization services to low-income households.

The Division was supportive in the design, implementation and evaluation of the initial low-income pilot proposed and operated by We-Energies. We feel the program design has proven to have a substantial impact on the ability of low-income households to pay their utility bills and has provided another resource for local LIHEAP and weatherization agencies to offer our program recipients. It has proven cost effective to provide a compliment of services which enable customers to remain current on their bills, avoid disconnections and avert cyclical crisis needs.

Staff within the division who served as members of the low-income pilot task force attest to the efforts of We-Energies and other task force members to design a program that improves upon the initial pilot and addresses the concerns of the Commission. Specifically, it is our belief that significant attention has been paid to the inclusion of, and reliance on, community based social service agencies as the primary delivery agents for this program.

We also extend our support for the use of escrow accounting for the reasons identified in the final task force report. While we understand this issue is being addressed separately from the approval of the revised low-income pilot and will be revisited in a future rate case, we believe its application to this pilot was, and is still, appropriate. Escrow accounting is one opportunity for We-Energies and the Milwaukee Community to better address the challenges of serving a large low-income population.

Sincerely,

Christopher Schoenherr, Administrator
Division of Energy Services

II. EXECUTIVE SUMMARY

On June 15, 2010, the Public Service Commission of Wisconsin (PSCW) issued an order ending the current We Energies Low Income Pilot (LIP) on April 15, 2011. The PSCW directed We Energies and the PSCW to create a task force to evaluate the location, nature and needs of the population served by the current LIP; the effectiveness of the current LIP; the viability of lifeline rates; and the necessity of escrow accounting as a part of the program.

Since October 2010, the Low Income Task Force (LITF) – consisting of staff from social service agencies actively engaged in serving low income populations, the Public Service Commission of Wisconsin (PSCW), We Energies, the Citizens Utility Board, the Department of Administration, and community volunteers – has met several times to research, examine, and evaluate the current LIP and other issues.

The LITF spent considerable time examining the components of the current LIP. These program components included the population served, the enrollment process and criteria, the conditions of participation, the benefits to participants, the removal process and criteria, and the length of the program. This examination included presentations by several stakeholders, including We Energies and the participating social service agencies. It also included research into weatherization programs in Wisconsin; best practices for energy assistance among governments, utilities, and community service agencies; and the viability of lifeline rates in Wisconsin.

The LITF applied the lessons learned from this examination, and depended heavily on the knowledge and experience of the LITF stakeholders to craft a Revised Low Income Program (RLIP) that retains the best components of the current LIP, and makes recommendations on how to improve other components.

The report contains details on the proposed RLIP's objectives, population served, enrollment process and criteria, conditions of participation, benefits to participants, criteria and a process for removal from the RLIP, the length of program participation, and performance goals of the program. The report also recommends continuing the role of social service agencies in administering the program, and the use of escrow accounting. A subcommittee of experts on the business side of the current LIP and RLIP has carefully examined the cost-benefit relationship of both programs, and has concluded the RLIP will benefit the utility, ratepayers, and program participants.

The LITF's recommendations were made while paying keen attention to the concerns of the PSCW Commissioners and the unique needs of We Energies' at-risk customers. The recommendations were also made with an eye on the business case. It is the LITF's recommendation that the RLIP be approved and implemented entirely as proposed – as a permanent and financially viable program – that helps our low-income neighbors.

A. INTRODUCTION

1. Overview

On May 14, 2010, the Public Service Commission of Wisconsin (PSCW) accepted the withdrawal of We Energies' request for extension of its Low Income Pilot (LIP) program and authorized an extension of the current program until April 15, 2011. The Commission directed PSCW staff to form a task force with We Energies to look at all relevant low-income bill payment issues, including the use of escrow accounting and lifeline rates. The Low Income Task Force (LITF) was charged with developing objectives and recommendations for a revised program to assist low-income households that is effective from both a social and financial perspective.

The LITF convened on October 6, 2010. After an extensive review of the current LIP, the LITF created a Revised Low Income Program (RLIP), which is described in this report.

The LITF also examined Wisconsin's weatherization program, escrow accounting, lifeline rates, and best practices in serving low-income households. The findings of this work are detailed in this report.

2. Task Force Members

The LITF consisted of a diverse group of stakeholders. Active members included representatives from the following entities:

- Social service agencies engaged in serving low income populations,
- Public Service Commission of Wisconsin (PSCW),
- We Energies,
- Citizens Utility Board,
- Department of Administration, and
- Community volunteers.

The LITF co-chairpersons were Joan Shafer, We Energies Vice President of Customer Services and John Shenot, then PSCW Policy Advisor. In February of 2011, Carrie Templeton, Assistant Administrator of PSCW's Division of Water, Compliance and Consumer Affairs replaced John Shenot as co-chairperson.

A state senator and state representative were invited to participate as members of the LITF. While they were unable to attend scheduled meetings, legislative representatives were sent electronic copies of the documents created by the taskforce, allowing them to remain informed and provide input to the LITF at any time.

See Appendix A for a complete list of LITF participants.

3. Task Force Process

The LITF first convened on October 6, 2010 and held eight additional meetings from October 2010 through March 2011. Each meeting was attended by approximately 20 members and lasted approximately five hours. All meetings were held in compliance with Wisconsin's Open Meetings Law. The goal of the LITF was to examine low-income payment issues, including the use of escrow accounting and lifeline rates, and to develop objectives and recommendations for a revised low-income program to assist low-income customers. The LITF was advised that any program it developed must be effective from both a financial and social perspective.

The LITF met for eight full sessions from October 2010 through March 2011. Each meeting was attended by approximately 20 members and lasted approximately five hours. The objectives of the LITF were to review and evaluate the existing LIP, make recommendations that were aligned with best practices, and develop a business case/cost-benefit analysis to evaluate the recommendations. Additionally, the LITF examined the value of escrow accounting, lifeline rates, weatherization, energy efficiency education, and financial education.

See Appendix C for summaries of the meetings and full agendas from each meeting.

B. CURRENT LOW INCOME PILOT

1. Overview

By order issued on March 23, 2005, the PSCW approved We Energies' request to implement a new pilot program for low-income customers. The stated goal of the LIP was to keep low-income customers connected and aggressively change the factors that are most closely associated with those customers' inability to pay their energy bills.

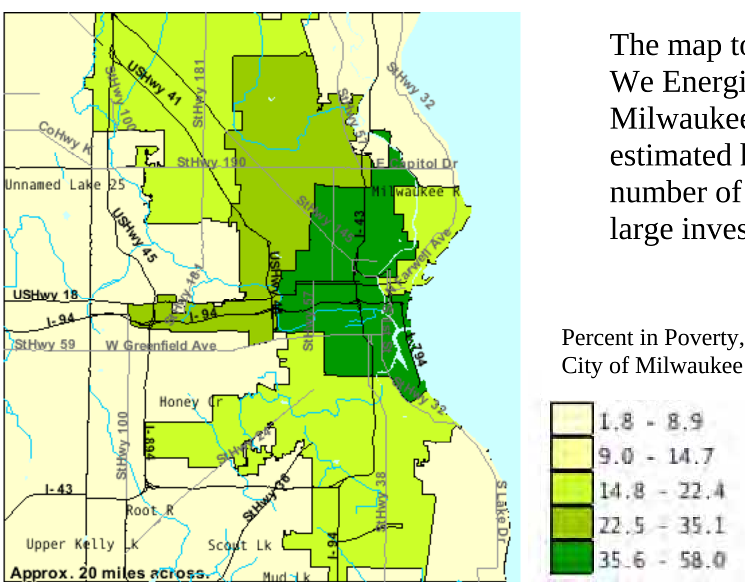
The LIP included a reduced monthly payment; arrearage forgiveness based on bill payment; energy conservation training and financial literacy education; and case management provided by social service agencies that partner with We Energies to operate the program.

The original LIP was designed to run for three years. We Energies requested two separate extensions, and the PSCW issued orders on December 11, 2007, and December 23, 2008, to approve one-year extensions of the program.

An overview of the LIP prepared by We Energies is attached as Appendix D. Further information on specific components of the current LIP is attached as Appendix F. The LIP is administered through four social service agencies: Community Advocates, the Social Development Commission, both in Milwaukee, and Hebron House of Hospitality and La Casa de Esperanza, Inc., both in Waukesha. Representatives from three of these groups made presentations to the LITF. Copies of these presentations are attached as Appendices G and H.

2. Population Served By the LIP

In Wisconsin, a disproportionate number of those in poverty reside within the We Energies service territory. We Energies estimates that 285,000 of the 2.5 million people in their service territory live below 100% of the federal poverty line. Among the ten largest cities in Wisconsin, Milwaukee has more than 50,000 customers living below 100% of the federal poverty line, while the other nine (Madison, Green Bay, Kenosha, Racine, Waukesha, Appleton, Eau Claire, Oshkosh, and Janesville) all have fewer than 10,000 households each below 100% of the federal poverty level. Within We Energies' service territory, income levels are lowest in Milwaukee County.[1]



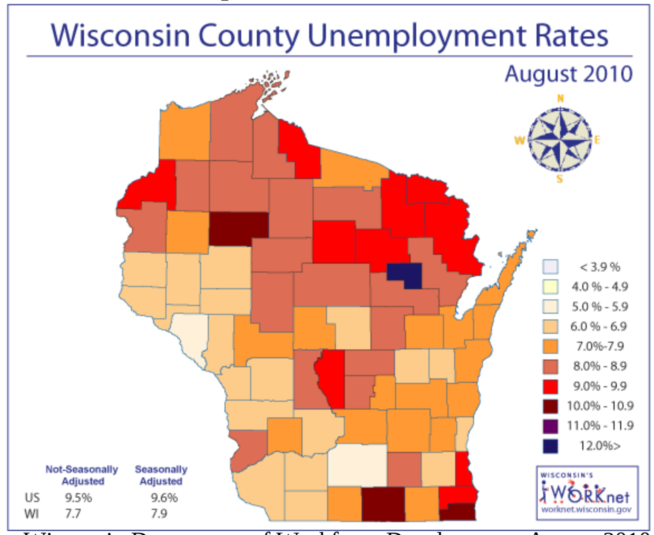
Institute for Research on Poverty, September 2010

The map to the left shows the high concentration of We Energies customers in poverty in the City of Milwaukee. Across the territory, We Energies has an estimated higher proportion as well as a higher number of households living in poverty than the other large investor-owned utilities in the state.

[1] "American Community Survey." U.S. Census Bureau. 2010.

The struggles of Milwaukee's at-risk populations have been well documented by the local media. On September 28, 2010, the *Milwaukee Journal Sentinel* published an in-depth article based on U.S. Census Bureau figures that listed Milwaukee as the fourth poorest big city in the United States.[2]

According to the 2008 Wisconsin Poverty Report, We Energies customers also account for 50% of the state's energy assistance applications. The U.S. Census Bureau estimated that 112,300 We Energies customers were unemployed. In August 2010, the Wisconsin Department of Workforce Development estimated that 32,100 people were unemployed in Milwaukee County alone. The map to the right shows the unemployment rates by county in Wisconsin during August 2010.



Wisconsin Department of Workforce Development, August 2010

3. Enrollment:

To be eligible to enroll in the LIP, We Energies customers must be below 60% of the state median income level. In addition, the customer must have:

- Only one active account,
- No record of self-reconnects of utility services,
- A record of being disconnected in the season preceding application,
- Arrears,
- A monthly budget of $65 or more,
- Applied for state energy assistance (WHEAP), and
- Accepted weatherization assistance, if offered.

Before enrollment, customers must make a down payment of two monthly budget payments toward arrears. The program is capped at 3,000 participants in Milwaukee County and 300 participants in Waukesha County. Enrollment is open from January 1 to June 15, or when the cap is met.

4. Participation:

While enrolled in the program, a customer must make a monthly payment that is equivalent to one-twelfth of his or her WHEAP benefit plus the utility co-pay. Previously, customers were required to attend educational workshops on personal finance and energy conservation. This educational requirement was ended by the PSCW's order dated June 15, 2010.[3]

5. Benefits to Participants

Customers enrolled in the program receive a reduced monthly payment and are rewarded every three months with a 25% forgiveness of arrears, if the monthly payments are made. Thus, after a year of successful monthly payments, the customer's arrears are completely forgiven. While shortfalls are forgiven, credits are not returned to the customer. Customers are also required to receive WHEAP benefits, and accept weatherization assistance if it is offered. Customers previously received personal finance and energy conservation education. Customers enrolled in LIP also receive case management

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[2] Glauber, Bill and Poston, Ben. "Milwaukee Now Fourth Poorest City in Nation." *Milwaukee Journal Sentinel*. 28 September 2010.
[3] Public Service Commissions of Wisconsin Order, Reference Number 133375. 15 June 2010. <http://psc.wi.gov/apps35/ERF_view/viewdoc.aspx?docid=133375>

from the social service agencies that partner with We Energies in administering the program. Case management gives participants access to other programs, many of which provide funding to individuals, which will then enhance participants' ability to pay energy bills.

6. Removal Criteria

Customers are removed if they miss more than two monthly payments or fail to apply and qualify for WHEAP each season.

Customers previously were removed from the program if they failed to attend the required personal finance and energy conservation workshops.

7. Length of Program Participation

LIP initially was limited to enrollment for three years, but was changed to an indefinite enrollment period as long as the customer continues to meet the eligibility requirements.

C. PROPOSED REVISED LOW INCOME PROGRAM

1. Overview

The LITF was directed to design a new program to serve the low-income population currently enrolled in the LIP. This new program was named the Revised Low Income Program (RLIP) and is proposed as a permanent program for We Energies customers. Much of the design is similar to the current LIP, but several minor changes have been made. This section will describe the new program, changes from the previous program, and the LITF's justifications for those changes. The RLIP has been fine-tuned to respond to the PSCW Commissioners' concerns about the current LIP, to incorporate aspects of best practices from programs around the country and experiences with the current LIP, and to ensure more consistency with public policy, particularly with respect to energy conservation and weatherization programs.

2. Objectives

The LITF revised and streamlined the original objectives of the LIP and identified two primary objectives for the RLIP:

- Reduce the cost to serve the targeted segment of low-income customers.
- Maintain energy service of enrolled customers through ongoing customer payments.

The cost to serve low-income customers is high, regardless of their participation in a low-income program. As a group, they have limited resources to pay utility bills and rely heavily on outside sources such as energy assistance, crisis dollars and Keep Wisconsin Warm Funds for assistance with bills. As a result, and as the LITF found in the business case, this group of customers call social service agencies and the utility more frequently, pay inconsistently, get disconnected more often, tend to engage in unsafe practices such as energy diversion, and collectively demand more operational resources on a daily basis. The RLIP will enable We Energies to serve participating customers at a reduced cost to both the utility and ratepayers by offering a more affordable payment to participants. Lower payments increase the likelihood of more frequent payments, which decreases bad debt to We Energies. Regular payments also mean fewer service disconnections, which decreases the costs associated with disconnecting and reconnecting service, self-reconnections and negotiating satisfactory payment arrangements.

The success of the RLIP depends upon customers continuing to pay to maintain their energy services and the program is designed to achieve this objective. The RLIP will make utility service more affordable for low-income customers by continuing to offer subsidized monthly payments, requiring participants to apply for energy assistance to offset bills, and by offering arrears forgiveness. A more affordable payment and a lower arrearage increases the likelihood that customers can make regular payments and be able to maintain service for longer periods of time. Access to social service agencies ensures that participants have access to other programs, many of which provide funding to individuals, which will then enhance participants' ability to pay energy bills.

3. Population Served By the RLIP

As noted previously, the LITF closely studied and recognized the challenges of the population served by the current LIP. The RLIP targets the same geographic and demographic population.

The LITF discussed the prospect of expanding the population served by the RLIP. The LITF believes that based on the magnitude of poverty and other at-risk attributes of the population served by We Energies, the RLIP should be expanded to include all eligible low-income customers living in Milwaukee County. The LITF recommends retaining the current cap of 300 participants in Waukesha County.

The LITF also examined whether to expand eligibility for the RLIP to We Energies customers in other counties. The LITF recommends an expansion of the RLIP to the following counties where need has been identified and social service networks are present and willing to support the program:

- Kenosha County
- Racine County

The LITF evaluated poverty and other data for these areas and concluded there is a definite need for a low-income energy assistance program.

A key to the expansion of the RLIP is the existence of a support structure (agency/utility) to manage the program. When considering expansion of the program, the LITF recommends that We Energies should take the following steps:

- Examine the geographic region under consideration for an agency to partner with that is already established in the community; has a record of serving low-income and at-risk populations; has partnered with We Energies or a similar entity in the past; and has experience with intake processes, case management, and energy assistance.
- Incorporate best practices from the agencies already partnered with We Energies in the current LIP (Community Advocates and the Social Development Commission in Milwaukee) when establishing the RLIP.
- Analyze whether the RLIP requires adjustment to better serve the new enrollees, including establishing an appropriate enrollment cap.

Upon completion of the RLIP enrollment application, the agency reviews the terms and conditions of program participation, and signs a Revised Low Income Program Agreement form with the customer acknowledging their understanding and agreement to comply with program requirements. The signed RLIP enrollment form is submitted electronically to We Energies.

4. Enrollment

The program is designed to maintain a yearly customer base of 3,000 participants. The current LIP's enrollment eligibility criteria include a requirement for customers to be below 60% of the state median income level. In addition, current LIP participants must have:

- Only one active account,
- No record of self-reconnects of utility services,
- A record of being disconnected in the season preceding application,
- Arrears,
- A monthly budget of $65 or more,
- Applied for state energy assistance (WHEAP), and
- Accepted weatherization assistance, if offered.

The core eligibility criteria for RLIP would remain the same as the current LIP with a few exceptions. Under RLIP, customers still could not have active multiple accounts or a record of self-reconnects of utility services. The RLIP also maintains the requirement of arrears, a monthly budget amount of $65 or more, and application for state energy assistance.

The LITF recommends that additional flexibility be granted to program management for limited waivers of the disconnection requirement. Special consideration for enrollment within and outside of the enrollment period will be given to customers who demonstrate payment problems and have met the criteria for disconnection, but had not been disconnected in the prior season. To ensure the exception process is applied uniformly, these situations will be reported by RLIP social service agency case managers to We Energies management for review and enrollment consideration.

The LITF recommends that the current enrollment period (from January to June) be retained, as it aligns with staff resourcing and the availability of crisis funds. However, the LITF also recommends that additional flexibility be granted to program management for limited waivers to enroll customers outside of the enrollment period. Waivers would be granted to customers with special circumstances who may benefit from participation in the RLIP.

To supplement the participant pool to account for attrition, We Energies will query its customer system for potential participants at the beginning of each program year. A list of eligible customers will be generated based on the following criteria:

- Wisconsin residential account,
- Arrears balance,
- Received energy assistance (WHEAP) during the prior heating season,
- Disconnected in the previous season or in the current season prior to enrollment,
- Budget amount is greater than $65 at the time of the last bill, and
- No self-reconnects in the prior 24 months.

Customers who meet these criteria will be mailed a postcard that offers enrollment. Customers who respond to the postcard, along with other eligible customers identified by We Energies representatives at the time of contact, will be quoted a required down payment amount of twice the monthly budget amount, not to exceed $600, and referred to a participating RLIP agency.

Customers are required to provide proof of having made the required down payment before enrollment is confirmed. If the customer is unable to pay the entire down payment, the RLIP agency case manager has the option to make a "Promise Payment" to We Energies of up to half the required down payment amount to ensure the customer's enrollment in the RLIP.

Agency staff completes the customer's energy assistance application if needed, calculates the monthly RLIP payment by using the formula below and completes the RLIP enrollment with the customer.

Inputs On Enrollment Form

- Monthly Energy Budget: We Energies' premises budget amount
- Customer Co-Pay Percentage: from table on application form

CO-PAY CHART

Income level compared to Guideline	Customer variable co-payment %
Less than 75% FPG	30%
75% to 100% FPG	40%
Greater than 100% FPG	50%

- Energy Assistance Benefit: $1/12^{th}$ of Energy assistance grant for the current season.

Payment calculation formula:

1. Monthly Energy Budget - $1/12^{th}$ of Energy Assistance = Budget Less Energy Assistance
2. Budget Less Energy Assistance - $65 = Budget Less Fixed Payment

3. Budget Less Fixed Payment x Customer Co-Pay Percentage = Customer Variable Payment
4. Budget Less Fixed Payment - Customer Variable Payment = Co-Payment Charged to Escrow[4]

Customer Payment = $65 + Customer Variable Payment

Upon completion of the RLIP enrollment application, the agency reviews the terms and conditions of program participation, and signs a Revised Low Income Program Agreement form with the customer acknowledging their understanding and agreement to comply with program requirements.

The signed RLIP enrollment form is submitted electronically to We Energies where staff updates the Customer Service Solution (CSS) database.

5. Participation

While enrolled in the RLIP, customers must make a monthly payment that is calculated based on income, energy assistance funding available, and energy usage. The customer's monthly payment cannot be less than $65.

The original LIP required participants to attend educational workshops and accept weatherization assistance, if offered. The LITF considered the role of energy conservation and weatherization programs in the RLIP. Based on best practice research, the LITF concluded that although these programs play an important role in reducing overall energy use, it may not be the most cost-effective approach.

Based on current Wisconsin public policy and conversations with PSCW staff, We Energies plans to use current weatherization programs available through Focus on Energy. RLIP participants will be automatically screened for eligibility and participation in the state's weatherization programs and referrals will be made accordingly. We Energies also intends to utilize current voluntary programs under the Voluntary Filing in Response to Chapter PSC Rule 137.08 and Fulfillment of Order Point 71 of Docket 5-UR-103.

6. Benefits to Participants

Customers enrolled in the LIP receive a reduced monthly payment. The shortfall created by the reduced payment will be forgiven by the RLIP, similar to the old LIP. Although shortfalls are forgiven, credits that arise as a result of lower usage are not returned to the customer.

Customers who make three monthly on-time payments will receive forgiveness of 25% of their arrears. Thus, after a year of successful monthly payments, the customer's arrears are completely forgiven.

Customers enrolled in the RLIP will also be required to receive WHEAP benefits. Customers may be referred to weatherization and energy conservation programs. Customers enrolled in LIP also receive case management from the social service agencies that partner with We Energies in administering the program. Case management will give participants access to other programs, which already exist and are funded, and which enhance participants' ability to pay energy bills.

7. Removal Criteria

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[4] "Co-Payment Charged to Escrow" is the amount that is applied (credited) to the customers account on a monthly basis and considered uncollectable expense and written off to the escrow account.

When considering the criteria for removal from the program, the LITF relied on the team's experience as well as a review of best practices.

The LITF recommends that customers be removed from the RLIP if they either fail to make required monthly payments or fail to receive energy assistance on an on-going basis. As with the LIP, customers may miss up to two payments and remain in the RLIP.

The current criteria for removal from the program will remain the same for the RLIP. However, the LITF recommends adding flexibility for exceptions such as a job loss. Agency caseworkers would work with We Energies program managers to allow a one-time exception for a missed a payment that would normally result in removal from the program if the customer notifies We Energies or the agency staff in a timely manner. We Energies will work with agency management to identify criteria to be used to ensure participating agencies and case managers apply exceptions uniformly.

Financial and energy conservation education will no longer be a requirement of the RLIP. Consequently, failure to attend sessions will not be cause for removal from the RLIP.

Any participating customer who moves is not eligible for continued enrollment in the RLIP if the new address is outside of the participating territories.

Customers who no longer meet eligibility requirements for the RLIP will receive a letter from We Energies informing them that they have been removed from the program. We Energies will remove the customer, and the customer will not be eligible for re-enrollment in the plan, unless special circumstances warrant an exception. Recommendations for one-time re-enrollments will be made by the RLIP agency to We Energies management for consideration.

8. Length of Program Participation

The LITF recommends that a customer's enrollment in the RLIP be indefinite as long as the customer continues to meet eligibility requirements.

9. Role of Social Service Agencies

The LITF reviewed best practices with respect to the involvement of social service agencies in utilities' low-income programs. The LITF concluded that social service agencies are uniquely qualified to provide case management and referrals to other programs, which are critical to the operation of the RLIP and can be done for a lower cost than We Energies. The LITF believes that there is a relationship between participant success and case management. The business case below notes that LIP participants received more energy assistance and paid more of their energy costs than other low-income customers not in the LIP. The LITF attributes this to case management, which ensures that participants are enrolled in programs (W2, Medicaid, Food Stamps, Rent Assistance, etc.) for which they qualify. Utilizing social service agencies is also consistent with the best practices research (See Appendix O).

Agencies may choose to offer conservation or financial educational sessions to RLIP participants at their discretion. Unlike the current LIP, financial and energy conservation education will not be a component of the RLIP. If educational sessions are not offered, case managers will have additional time to help clients who require special assistance in accessing other supportive services.

10. Escrow Accounting

In considering escrow accounting of uncollectible expenses, the LITF reviewed why it is important to We Energies, and whether escrow accounting should be a component of the RLIP design and approval.

In consideration of this, the LITF discussed the following questions:

- What is unique at We Energies to support using escrow accounting for uncollectible expenses?
- Does having escrow accounting of uncollectible expenses suppress the collections activities and effort of We Energies?

The LITF addressed the first issue by studying the demographics and economic conditions of the We Energies service territory and how those conditions compare to other utility service territories statewide and nationally. The evidence clearly indicates that customers in the We Energies service territory face severe economic conditions unlike those found elsewhere in Wisconsin. These conditions are reflected in poverty rates, the distribution of LIHEAP funding, and unemployment rates:

- Milwaukee County had a 20.1% poverty rate (2009) vs. Wisconsin state average of 12.4%,
- We Energies service territory contains more than 50% of Wisconsin's people in poverty,
- Milwaukee County has 17% of state population but has 28% of the households receiving LIHEAP funding, and
- We Energies service territory had unemployment rates 1 to 1.5% higher than other Wisconsin utilities.

The LITF concluded that We Energies faces greater financial risk from its residential arrears and uncollectible accounts than other Wisconsin utilities, and that the risk continues despite proactive and increased collection efforts on the company's part.

Similar to other large metropolitan areas, Milwaukee's high percentage of people in poverty has been recognized (*Milwaukee Journal Sentinel*, 9/28/2010):

Percent of People in Poverty	
Detroit, MI	36.4%
Cleveland, OH	35.0%
Buffalo, NY	28.8%
Milwaukee, WI	27.0%
St Louis, MO	26.7%
Miami, FL	26.5%
Memphis, TN	26.2%
Cincinnati, OH	25.7%
Philadelphia, PA	25.0%
Newark, NJ	23.9%

The LITF looked at accounting treatment provided to other utilities serving economically distressed populations in the U.S. This research identified other regulatory commissions across the country that have authorized escrow accounting treatment (or a similar treatment) for uncollectible expenses for a number of utilities with similar demographics.[5] The research is summarized in the table below.

[5] It is important to note that some states have a shorter or no moratorium on disconnecting utility services.

	ELECTRIC		Gas	
	Local Electric Distribution Utility	Bad Debt Def Cost Clause	Gas Distribution	Bad Debt Def Cost Clause
Detroit	Detroit Edison	Yes	Michigan Consolidated Gas	Yes
Cleveland	Cleveland Electric	Yes	Dominion Ohio East	Yes
Buffalo	Niagara Mohawk (National Grid)	No	NYSEG	No
Milwaukee	WEPCo	Yes	WI Gas/WEGO	Yes
Milw Metro	WEPCo		WI Gas/WEGO	
St Louis	Ameren Electric	No	Laclede Gas Company	No
Miami	Florida P&L	No	Florida City Gas	No**
Memphis	Memphis Light, Gas & Water Division	No**	Memphis Light, Gas & Water Division	No**
Cincinnati	Duke Power - Ohio	Yes	Duke Power - Ohio	Yes
Philadelphia	PECO	No**	Philadelphia Gas Works & PECO	No**
NYC	Con Ed	No	Con Ed	De-coupling
Newark	PSEG	Yes	PSEG	Societal Benefits
Chicago	Commonwealth Edison	Yes	Peoples Gas	Yes

** Research of regulatory treatments still in process - assumed no protection at this time

The LITF considered the second issue (i.e. collection efforts) by reviewing the overall collections activities, philosophy and practices of We Energies with respect to residential customers and how those collection activities have changed and improved throughout the last five years. The LITF believes, based on feedback from We Energies and PSCW staff members serving on the LITF, that the collections practices at We Energies are appropriately focused to reduce electric and gas expense within the structure of the Wisconsin Administrative Code. The LITF also concluded that the strong We Energies collection program does not appear to be adversely impacted by the utility's use of escrow accounting to reduce uncollectible expenses.

Based on the information presented, the LITF discussed the size and uncertainty of uncollectible expenses at We Energies. The LITF discussed how variations in natural gas prices, electricity prices, weather, and changes in energy assistance program funding can have a significant impact on the level of a utility's uncollectible expenses. We Energies may therefore be assuming proportionally greater risk of residential uncollectible expense than any other Wisconsin utility. From these discussions, LITF members have a better understanding of escrow accounting than before convening, and the LITF recommends that it is in the ratepayers' and utility's best interest for We Energies to have escrow accounting treatment of all residential uncollectible expenses.

See Appendix L for a copy of the We Energies presentation to the LITF on escrow accounting.

11. Business Case Cost Analysis

The LITF carefully examined the business case and the previous cost-benefit analysis performed on this program. The task force could not understand why the business case information appeared negative. From the utility's point of view, the LIP customers created fewer phone calls, less collection action, and made regular monthly payments. However, the utility had not, at that time, mined the customer information system to support this perception. A subcommittee of the LITF was formed to take a fresh look at the cost of the low-income customers and to specifically look at those costs from the perspective of a ratepayer. As noted in the attached letter of support from TetraTech (previously named PA Consulting), which performed an earlier analysis of the current LIP, the revised method is a more direct analysis of the program's impact on the utility and ratepayers than the previous analysis method.

During its presentation to the LITF, TetraTech explained that the previous analysis was not developed with the intent of illustrating the effectiveness of the program as a whole. Rather, they were directed to develop a cost-benefit analysis in the traditional sense of the word – what are the costs going out from the utility (e.g., co-payments), and what are the benefits coming into the utility (e.g., revenue from the customer). In addition, TetraTech explained that the perspective represented within the 2009 report was not encompassing in that it did not examine the costs of serving this population in the absence of the LIP. It did not consider the direct costs or the impact of lost revenue to We Energies and its other ratepayers that result when LIP customers experience service disconnections.

The LITF subcommittee included representatives from the PSCW and We Energies, as well as the TetraTech analyst that led the Year Three evaluation of the LIP. For the most part, the LITF's sub-committee used the same assumptions and data that TetraTech used in the Year Three evaluation of the LIP. The most significant differences were that 1) the sub-committee compared the cost of serving LIP participants to the cost of serving other customers eligible for the current LIP who were not in the program, and 2) the analysis took into account that a portion of the costs would not be recovered without program intervention.

In addition to data collected by the program evaluation, the analysis incorporated actual customer usage, payment, and contact data. We Energies selected a random sample of approximately 40 customers. Half of the sample participated in the program, and half did not participate.

The samples showed that the number of payments increased with participation in the current LIP, which included increases in assistance payments.

	Non LIP			LIP			
	$	% of Pymnt	% of Bill	$	% of Pymnt	% of Bill	Difference
Revenue per Customer	$2,486.78			$2,870.78			$384.01
Payments to WE /cust							
- Customer	$782.47	58%	31%	$1,304.43	60%	45%	$521.96
- Assistance	$574.02	42%	23%	$874.53	40%	30%	$300.51
Total Payments	$1,356.48		55%	$2,178.96		76%	$822.47
Uncollectible Exp/cust	$1,130.29			$691.83			-$438.47
# of Payments/cust/yr	3.4			12.0			

The samples also showed that customers who were not participating in the current LIP had substantially higher interactions with We Energies than those who were participating in the current LIP. On average, a non-LIP low-income customer made eleven calls per year versus four among the LIP customers. The LITF subcommittee did not have the specific length of the calls, so it assumed that each call lasted 15 minutes, which is a conservative estimate.

	Non LIP	LIP
Calls /customer/yr	11	4
Types of calls		
General Cust Serv	2.9	4
Disconnect calls	5.1	0
Collection/litigation	1.7	0
Medical Condition	1.3	0
Assumed Average call		
(min/cust/call)	15	15
Disconnects /cust/yr	0.8	0

A number of variables fed into the complete analysis, including costs for agency services, cost of energy service, number and amount of customer payments, and direct costs of services provided by We Energies to the customer (including costs for telephone contacts, field activities for disconnects and reconnects, processes to verify the customer's identity, etc.).

The business case reviewed a single year snapshot of customer usage and program data for the 40 cases randomly sampled. The cost assessment related to the LIP participants and eligible non-LIP participants is shown below. The table illustrates the cost of running the LIP, with the agencies' support, compared with not running the LIP.

		2011 estimate		LIP vs w/o LIP
		w/ LIP w Agencies	w/o LIP	
WE O&M costs				
WE Program Admin Costs		$362,936	$594,812	($231,876)
Payment to agencies for admin		$450,000	$0	$450,000
Disconnect & Reconnect costs		$89,896	$163,447	($73,551)
Pos ID Costs		$0	$2,340	($2,340)
Subtotal O&M costs		$902,832	$760,599	$142,233
WE Uncollectible expense				
Cost of WE Utility Energy Service		$7,979,031	$7,460,330	$518,702
Customer Payments		-$5,180,011	-$4,069,450	($1,110,561)
Subtotal Uncollectible expense		$2,799,020	$3,390,880	($591,860)
Total Net Costs		$3,701,852	$4,151,479	($449,627)
Net Participants		3,000	3,000	
Cost per Net Participant		$1,233.95	$1,383.83	
Utility Ratepayer Benefit/Cost ratio	1.12			

The analysis shows that in the initial year of the program, the estimated cost (including uncollectible expense) to serve a low-income customer participating in the LIP was $1,234 versus a cost of $1,383 for a low-income customer not participating in the LIP. The initial year had a utility customer benefit/cost ratio of 1.12 – meaning the benefits exceeded the costs.

The analysis also shows that attrition costs declined over time as LIP participants paid on a more regular basis. In subsequent years, as the customer base of successful participants grows, the attrition costs are reduced, and the benefit/cost ratio continues to rise (e.g. from 1.12 to 1.16 by year three) as shown below:

From 3/2009 Study	
	Retention
Year 1 Remain	45%
Year 2 Remain	25%
Year 3 Remain	19%
Other Years	15%

	Success %	B/C Ratio
Year 1	45%	1.12
Year 2	50%	1.14
Year 3	55%	1.16

See Appendix K for copies of the presentation by We Energies on the business case to the LITF, and the presentation by TetraTech on the business case.

12. Performance Goals

We Energies will evaluate the business case for the RLIP every two years to determine the ongoing performance and benefits of the program. Results of the evaluations will be submitted to the PSC as part of We Energies' future rate case applications.

13. LIP and RLIP Side-By-Side

The following table summarizes the current LIP and the RLIP.

	Current Low Income Pilot	Revised Low Income Program
Population Served	We Energies customers below 60% of the state median income level, who: - Reside in Milwaukee County or Waukesha County, - Receive WHEAP assistance, - No record of self-reconnects, - Have arrears, - Were disconnected in the season preceding enrollment.	We Energies customers below 60% of the state median income level, who: - Reside in Milwaukee County or Waukesha County, - Receive WHEAP assistance, - No record of self-reconnects, - Have arrears, - Were disconnected in the season preceding enrollment, - Limited exceptions to enroll customers outside of the enrollment period, and - Limited waiver of no disconnects requirement.
Enrollment Cap	- 3,000 in Milwaukee County - 300 in Waukesha County	- 3,000 in Milwaukee County - 300 in Waukesha County
Expansion	No expansion.	- Recommended expansion to Kenosha and Racine County. - Expand in Milwaukee
Enrollment Period	January to June	January to June
Down Payment	Two times the customer's budget bill payment, not to exceed $600.	Two times the customer's budget bill payment, not to exceed $600.
Monthly Payment	Calculated based on income, energy assistance funding, and energy usage. Not to be less than $65.	Calculated based on income, energy assistance funding, and energy usage. Not to be less than $65.
Benefits to Participants	- Discounted monthly payment - Forgiveness of payment shortfall - 25% of arrears forgiven after 3 months of payments - Referral to weatherization services - Accept weatherization if it is offered	- Discounted monthly payment - Forgiveness of payment shortfall - 25% of arrears forgiven after 3 months of payments - Referral to weatherization services

Education Component	Conservation and financial literacy education required.	No required education component. Participants will be referred to other programs if necessary.
Removal Criteria	- Missing 2 monthly payments - Failure to receive energy assistance - Failure to participate in education component	- Missing 2 monthly payments - Failure to receive energy assistance - Added flexibility for exceptions
Length of Program	Indefinite, as long as customer meets eligibility and participation requirements	Indefinite, as long as customer meets eligibility and participation requirements
Role of Social Service Agencies	Enrollment, case management	Enrollment, case management
Inclusion of Escrow Accounting	Included	Recommended

D. OTHER ISSUES DISCUSSED

In addition to examining the current LIP and designing the RLIP, the LITF examined three other issues that were important to the LITF's work. The LITF learned about Wisconsin's weatherization program, best practices for serving low-income utility customers, and the viability of lifeline rates.

1. Weatherization

Susan Brown, Deputy Administrator of the Wisconsin Department of Administration's Division of Energy Services, and Bob Jones, the Public Policy Director of the Wisconsin Community Action Program (WISCAP) briefed the LITF on Wisconsin's weatherization programs. See Appendices L and M for copies of their presentations.

2. Best Practices

The LITF commissioned a research project of best practices for energy assistance programs. An independent research consultant, Michael Bare, retained by the Community Advocates Public Policy Institute, conducted this analysis. Mr. Bare produced a report called, "An Exploration of Solutions to Low-Income Populations' Energy Needs" (See Appendix N). Mr. Bare also gave a presentation to the LITF on his research (See Appendix O).

The best practices research identified four issues that the LITF was examining: customer payments, arrears, disconnects, and usage. The research concluded that for this target population, the four issues have been addressed by several discrete policy systems that are often disjointed and administered with little to no coordination.

A survey of energy assistance programs around the country revealed that there are several policy approaches to each issue.

<u>Customer Payments</u>: To address payment, the federal government established LIHEAP and loan programs; state governments instituted percentage of income payment plans (PIPP), required utilities to offer energy assistance programs, provided emergency assistance, created tax rebates and credits, mandated discounts, and created funds to distribute assistance money. Municipal governments rarely have emergency assistance or loan programs available.

Utilities have created programs like the LIP, and have offered budget programs, financial education, bill credits, discounts, and emergency assistance funds.

Community organizations have created direct assistance programs to help at-risk populations with energy needs and have partnered with governments and utilities to administer their energy assistance programs.

<u>Arrears</u>: To address arrears, utilities have created programs that include a forgiveness component if participants meet certain requirements while in the program.

<u>Disconnects</u>: To address disconnects, states have established varying levels of shutoff moratoriums. These include date and temperature-based moratoriums, though not all states have either one. Utilities have also incorporated disconnect policies into energy assistance programs.

<u>Usage</u>: To address usage, the federal government and state governments have created weatherization programs that lower customers' bills and provide an investment in the home. Utilities and community

organizations have also created weatherization programs and sometimes provide in-home audits and conservation/efficiency education programs.

The research found that governments, utilities, and community organizations all play a role in providing energy assistance. Governments (federal, state, and local) provide shutoff moratoriums, bill assistance, loans, weatherization programs, emergency relief/assistance, tax rebates and credits, homelessness prevention programs, and establish funds to provide financial assistance to individuals and organizations. Utilities provide in-home audits and weatherization, bill assistance, bill credits and discounts, and education programs; accept donations (from customers, shareholders, employees and private sources) to establish funds for assistance efforts; match donations to funds; and create holistic programs (like the We Energies Low Income Pilot). Community organizations, and partnerships of governments, utilities, and community organizations, also offer varying levels of the types of assistance programs.

A case study of the American Community Survey's five poorest cities in America (Detroit, Cleveland, Buffalo, Milwaukee, and St. Louis) revealed that low-income Milwaukeeans must rely more on the utility for assistance than the other assistance sources. A comparable level of service is available in Buffalo and St. Louis, with Milwaukee exhibiting a higher level of community assistance in part because of the LIP's partnership with community service agencies. In Cleveland, the state provides a percentage of income payment plan (PIPP), which allows the other sources to provide a low level of assistance. In Detroit, the level of assistance available from any source is lackluster. When compared to the other cities, the level of assistance available to Milwaukee's low-income population receives a high rating. However, without the current LIP program, Milwaukee's low-income population would be in a comparatively worse situation.

The best practices research concluded that there is no discernable best practice to comprehensively address the energy needs of at-risk populations, but that common practices and best practices for program components could provide useful context for evaluating LIP and be incorporated into the RLIP to make a better program than the current LIP.

3. Lifeline Rates

The term "lifeline rate" can have multiple meanings, but most typically it refers to some form of inclining block rate where a customer pays a lower rate for the first block of energy used and higher rates for additional energy used. The Commission's June 15, 2010, order charged the LITF with looking at the pros and cons of lifeline rates, and the LITF has done so. This section summarizes those findings.

<u>Research By PSCW Staff</u>

1. Statutory Authority for Lifeline Rates

Wisconsin statutes do not explicitly allow or disallow for lifeline rates. The standard for lawful rates specified in Wis. Stats. §196.3716 would apply:

> "(1) If, after an investigation under this chapter or ch. 197, the commission finds rates, tolls, charges, schedules or joint rates to be unjust, unreasonable, insufficient or unjustly discriminatory or preferential or otherwise unreasonable or unlawful, the commission shall determine and order reasonable rates, tolls, charges, schedules or joint rates to be imposed, observed and followed in the future.
> (2) If the commission finds that any measurement, regulation, practice, act or service is unjust, unreasonable, insufficient, preferential, unjustly discriminatory or otherwise unreasonable or unlawful, or that any service is inadequate, or that any service which reasonably can be demanded

cannot be obtained, the commission shall determine and make any just and reasonable order relating to a measurement, regulation, practice, act or service to be furnished, imposed, observed and followed in the future."

In contrast, lifeline rates are explicitly authorized in federal law under 16 USC §2624, which is titled "Lifeline rates" and reads in part as follows:

"(a) Lower rates

No provision of this chapter prohibits a State regulatory authority (with respect to an electric utility for which it has ratemaking authority) or a nonregulated electric utility from fixing, approving, or allowing to go into effect a rate for essential needs (as defined by the State regulatory authority or by the nonregulated electric utility, as the case may be) of residential electric consumers which is lower than a rate under the standard referred to in section 2621(d)(1) of this title.

(b) Determination

If any State regulated electric utility or nonregulated electric utility does not have a lower rate as described in subsection (a) of this section in effect two years after November 9, 1978, the State regulatory authority having ratemaking authority with respect to such State regulated electric utility or the nonregulated electric utility, as the case may be, shall determine, after an evidentiary hearing, whether such a rate should be implemented by such utility."

The "*standard referred to in section 2621(d)(1) of this title*" is the well-known cost of service standard, which is detailed in 16 USC §2625(a) and will not be repeated here.

Considering all of the above, the bottom line is that state commissions are not only authorized by federal law to set rates for "essential needs" of residential customers that are less than the traditional cost of service standard, but were mandated to determine decades ago whether such rates should be implemented by each utility they regulate.

2. PSC Determination Mandated by 16 USC §2624(b)

In 1979 the Commission opened docket 05-UR-9, *Generic Investigation on the Commission's Own Motion Whether or Not to Implement Electric and Natural Gas Utility Lifeline Rates*. Although PSCW staff has not succeeded in finding any of the supporting documents from this 30-year-old docket, the Commission's final order of March 3, 1981 was archived and is included with this report as Appendix R. PSCW staff members serving on the LITF do not believe that the Commission in 2010 was aware of the existence of the 1979 generic investigation or the 1981 order when it ordered the LITF to investigate the pros and cons of lifeline rates.

In the 1981 order, the Commission closed its generic investigation without ordering any utility to implement a lifeline rate. The Commission did, however, order that its Findings of Fact and Final Environmental Impact Statement on Lifeline Rates should receive official notice in any rate case in which lifeline rates are considered. Two items in the Findings of Fact seem especially germane to the LITF's consideration of lifeline rates:

- Based on the record, the Commission found that it was not appropriate to implement a specific statewide lifeline rate or general lifeline rate at that time.
- The Commission found that lifeline rates are an appropriate issue for consideration in individual rate proceedings.

It is difficult to untangle, thirty years after the fact, exactly *why* the Commission found statewide lifeline rates inappropriate. However, two of the three Commissioners wrote concurring opinions arguing forcefully against lifeline rates, and we can glean some insights from those opinions.

Chairman Stanley York called targeted lifeline rates for low income customers a form of income redistribution, and argued that "it would be totally inappropriate for an appointed body to take that kind of authority unto itself… [S]uch a responsibility belongs only to elected officials and the legislative process." Chairman York further argued that universal lifeline rates available to all customers would also be fatally flawed, because he rejected what he saw as the underlying premise: that residential consumers have a *right* to a certain amount of service at rates below their utilities' costs to serve them. Chairman York also noted the difficulty as a practical matter of determining how much energy was needed to meet the essential needs of residential customers. Finally, the Chairman noted that even if he could accept the philosophical rationale for lifeline rates, he could not support rates that penalize persons who use large amounts of energy.

Commissioner Willie Nunnery focused his concurring opinion on the Commission's authority under Wis. Stats. Chapter 196. He believed that targeted lifeline rates for low income customers would be unlawfully discriminatory because in his interpretation the statute did not allow for discrimination in rates based on ability to pay. Commissioner Nunnery felt that lifeline rates should not be implemented without a "clearly definable statutory prescription for establishing a 'justly discriminatory' rate."

3. Lifeline Rates Offered by Wisconsin Energy Utilities

In a 1980 rate case (docket 3270-UR-9) for Madison Gas and Electric Company (MGE), the Commission approved experimental lifeline rates for residential gas customers and residential electric customers. This experiment happened prior to the generic investigation described above and was unique to MGE. In 1984, subsequent to the generic investigation, the Commission ordered a study of the *effectiveness* of MGE's lifeline rates. That study ultimately resulted in the cancellation of the experiment, after Commission staff testified in a later rate case that the lifeline rates had performed poorly in meeting their objectives of reducing energy burdens and promoting energy conservation. The lifeline rates were closed to new customers as of July 30, 1985, but customers who were already on those tariffs at that time were allowed to remain on them as long as they continued to meet all of the eligibility requirements.

According to MGE's 2009 Annual Report to PSC, there were only 20 customers remaining on the gas lifeline tariff and just 27 on the electric lifeline tariff.

MGE's gas lifeline rate is 2 cents/therm cheaper than the ordinary residential rate from November 1 to March 31 of each year, and the same price the rest of the year. This represents a 7.3% cost reduction during those winter months. For electricity, the lifeline rate differs from the typical residential rate in terms of both the daily customer charge and the charge per kWh for the first 300 kWh used in each billing period. The daily customer charge is reduced by 45% (12.81 cents/day). The charge per kWh for the first 300 kWh used in each billing period is reduced by 33%: at today's rates, 3.607 cents/kWh from June 1 to September 30 of each year and 3.323 cents/kWh (34%) the rest of the year.

PSC staff members serving on the LITF are not aware of any other Wisconsin energy utilities or cooperatives that currently offer lifeline rates.

<u>Research By We Energies</u>

At the request of the LITF, staff at We Energies looked for published research and analysis that would supplement the findings in the Commission's 1981 order on lifeline rates. Staff from We Energies ultimately found that the following five publications were the most helpful to them:

- Costello, K., "Criteria for Determining the Effectiveness of Utility-Initiated Energy Assistance," *The Electricity Journal*, April 2010.
- Faruqui, A. and Hledik, R., "Transition to Dynamic Pricing," *Public Utilities Fortnightly,* April 2009.
- Tremolet, S. and Binder, D., "Social Pricing and Rural Issues: What are the Strength and Limitations of Lifeline Rates?" from the website of the Public Utility Research Center at the University of Florida (http://www.regulationbodyofknowledge.org/faq/socLifelineRates/), June 2009.
- Hennessy, M., "The Evaluation of Lifeline Electricity Rates, Methods and Myths," *Evaluation Review*, June 1984.
- Burgess, B. and Paglin, M., "Lifeline Electricity Rates as an Income Transfer Device," *Land Economics,* February 1981.

In addition to the above publications, which look generically at the issue of lifeline rates, staff from We Energies reported on the results of an Edison Electric Institute query of member utilities in September 2010. Nine of the utilities that responded to the survey reported that they offer lifeline rates to some or all of their residential customers, along with the reason why:

- APS (AZ), because of a rate case settlement;
- Entergy (LA), voluntarily;
- Hawaiian Electric Company (HI), voluntarily;
- Northern States Power-Minnesota (MN), because of a legislative mandate;
- PacifiCorp (CA), because of a legislative mandate;
- PacifiCorp (UT), because of a merger commitment;
- PacifiCorp (WA), voluntarily;
- PPL (PA), because of a utility commission requirement; and
- Southern California Edison (SC), because of a legislative mandate.

Additional information about the Minnesota legislative mandate is presented in the subsection below titled "Research By the Community Public Policy Institute."

Perhaps most notable on the list of utilities offering lifeline rates are those in California, where a state law requires utilities to offer tiered rates for residential gas and electricity usage – i.e., an inclining block rate structure beginning with a lifeline rate for "baseline quantities" of energy. The baseline quantities are determined by the utility commission and vary geographically across the state. California utilities must also offer the lifeline rate for an additional quantity of energy, beyond the ordinary baseline quantity, in cases where the customer can demonstrate a medical need.

<u>Research By the Community Advocates Public Policy Institute</u>

Researcher Michael Bare examined a wide variety of low income energy assistance policies across the United States. On the topic of discounted energy rates such as lifeline rates, Mr. Bare cites two examples of policies enacted by state governments:

- In Massachusetts, state law requires utilities to offer discounts of 20 to 42% to households earning less than 175% of the federal poverty guidelines or participating in a means-tested public assistance program.
- Minnesota law requires utilities with more than 200,000 customers to offer a 50% discount on the first 300kWh of low-income households' energy usage. In practice, this only affects Northern States Power-Minnesota d.b.a. Xcel Energy.

Mr. Bare also notes that many individual utilities offer some kind of discounted rates for various at-risk populations. The discounts are targeted to help those with medical equipment needs, the elderly, people with disabilities, and active duty members of the military. Amounts and how the discount is applied vary greatly. Several specific examples of energy utilities that offer discounted/lifeline rates are cited:

- The municipal utility serving Ashland, Oregon provides a 20% to 30% discount on water, wastewater, and electric service to residents over the age of 65 who qualify as low-income.
- In the District of Columbia, Potomac Electric Power Company (PEPCO) received approval from the DC Public Service Commission to provide lifeline rates. Eligible customers without all-electric heating receive a 32 percent discount on the first 400 kilowatt-hours used in the winter months and a 63 percent discount on the first 400 kilowatt-hours used in the summer months. Eligible customers with all-electric heating receive a 51 percent discount on the first 700 kilowatt-hours used in the winter months and a 38 percent discount on the first 700 kilowatt-hours used in the summer months. The eligibility criteria account for income, age, and disability, and customers must reapply annually.
- In Arizona, UniSource Energy Services operates the CARES Medical Life Support Program, which provides discounts for qualified low-income customers who require the use of life support equipment in their homes. Eligibility is confirmed through an annual verification by the customer's physician. The program provides a 30% discount on the first block of 600 kilowatt-hours used each month, a 20% discount on the next 600 kWh block, a 10% discount on the next 800 kWh block, and an $8 discount on any monthly usage greater than 2000 kWh.

Pros and Cons of Lifeline Rates for Electric and Gas Service

The previously mentioned 1981 PSC order in docket 05-UR-9 offers a lengthy yet concise review of the pros and cons of lifeline rates from the perspectives of utilities, low income customers, and other ratepayers. The order summarizes the Commission's findings on the legality and equity of lifeline rates, the impact of such rates on conservation, and alternatives. Rather than repeating those findings here, a copy of the order is included as Appendix R.

The following list of pros and cons of lifeline rates, based on research by We Energies' staff, is intended to supplement and give different perspectives on the pros and cons identified in the 1981 PSC order:

1. Lifeline Rates for Low Income Residential Customers Only

- Pros:
  - Gives low income customers access to some minimum amount of energy at a lower cost.
  - Seen as one of many instruments that the government can use to mitigate the burden of energy costs on the poor.
  - Current assistance programs are inadequate because not all persons in need apply, persons above designated criteria receive no assistance, and benefit levels are inadequate.
  - *Assuming* energy consumption correlates highly with income, lifeline rates would benefit low-income customers.

  - *May* reduce uncollectable, disconnection, and collection costs.
  - Gives larger customers more incentive to conserve.

- Cons:
  - Legal questions about whether this constitutes unjust and therefore unlawful discrimination never seem to go away – despite PURPA.
  - Uses resources to provide benefits to many customers who already pay their bills. (We Energies estimates ~200,000 current customers are at or below 60% of state median income vs. ~9,000 customers enrolled in EIP and LIP.)
  - Apartment dwellers that have electric and/or gas included in their rent would not be able to obtain the benefit.
  - While it appears that average usage is correlated with income, the dispersion around the mean is great. Net result is that a significant number of low-income, high-use customers could be harmed.
  - For small users, could encourage an increase in consumption, which causes inefficiencies in transfer of the benefit to the low-income customer.
  - Determination of who qualifies for the rate may be burdensome and costly, both initially and on a recurrent basis.
  - Does not follow cost of service principles generally used by the PSCW.
  - Counter to the goal of equitable rates to consumers.
  - Targeted assistance programs are a much more direct, efficient approach.
  - Decreased revenue stability for the utility.
  - May induce rural lifeline customers to switch to electric heat.
  - Such rate making would in effect constitute taxation, and taxation for the purpose of income redistribution is a function of the legislature.
  - Can create price distortions if the price paid does not reflect the marginal cost of the service.
  - If paid for by higher rates on business customers, could increase costs of goods and services for everyone.

2. Lifeline Rates for All Residential Customers

- Pros:
  - Would not have to check customer qualifications to be on the rate.
  - For heavy energy users, would promote conservation.
  - Residential rate application would be uniform for all residential customers.

- Cons:
  - The price for usage above the lifeline amount would be much higher, hurting high use, low-income customers.
  - Lifestyle issues – for example, small but luxurious apartments/condos, and those who dine out frequently would gain unneeded income transfer.
  - Those who own resort cottages or vacation homes would also gain unneeded income transfer.
  - May interfere with Time of Use, Peak Time Rebate, and Critical Peak Pricing tariffs. This would need to be examined further.

<u>Rationale for Task Force's Decision to Not Recommend that We Energies Implement Lifeline Rates</u>

Based on its review of the above research, the Low Income Task Force is not recommending that We Energies offer lifeline rates to program participants or any other customers. There are many reasons for this decision, but a few stand out. First, depending on the tariff design, low-income customers who truly need to use large amounts of energy could end up with higher bills, less ability to pay, and even worse problems than they have under the status quo. Second, the LITF is trying to design a Revised Low Income Program that will be cost effective and thus benefit all ratepayers, whereas lifeline rates merely transfer costs from some customers to others. Third, designing lifeline rates is no simple matter and would be enormously challenging for the members of the LITF, most of who have no experience in ratemaking, to undertake.

E. CONCLUSION AND RECOMMENDATIONS

Since October 2010, the LITF has worked to fulfill the PSCW's directive to examine all aspects of the current LIP and related low-income issues. The LITF diligently researched and analyzed these issues and applied the lessons learned in creating a new program, the RLIP, for low-income We Energies customers that currently qualify for the LIP program.

The LITF researched best practices in providing energy assistance to low-income utility customers and concluded that best and common practices could serve as a guide for its work in designing the RLIP. Several lessons from the best practices were incorporated into the RLIP's design. The best practices research also concluded that the LIP was on par with similar programs sponsored by other utilities.

As directed by the PSCW, the LITF analyzed the pros and cons of lifeline rates and concluded that lifeline rates should not be pursued. The LITF found that using lifeline rates does not benefit all utility customers and actually could lead to higher bills for some customers. In addition, the LITF lacked the expertise that would be required to evaluate and recommend their implementation in the RLIP.

The LITF's examination of the current LIP program included presentations by We Energies on the population served and the processes used to serve the population with the program. The LITF also heard presentations by the partner social service agencies on their roles. These perspectives guided the LITF's work on investigating the effectiveness of the program.

With a clear understanding of the current LIP, the LITF crafted the RLIP to better serve the at-risk population of We Energies customers in Milwaukee and Waukesha Counties. It preserves the best components of the current LIP and incorporates minor changes to improve the overall program.

Several changes were made to the program with a dual focus of 1) ensuring RLIP is cost effective and in the best interest of all ratepayers, and 2) improving the assistance that is provided.

The LITF analyzed the business case for the RLIP at length. The LITF has concluded that the RLIP proposed in this report will result in a program that is cost-effective. A subcommittee of the LITF provided an analysis of the program from the perspective of a ratepayer to prove the financial benefits of the current LIP and the proposed RLIP. Both this perspective and conclusion have been independently verified.

The PSCW also directed that the LITF examine the current LIP's inclusion of escrow accounting. After evaluating the value of escrow accounting, the LITF recommends that We Energies have escrow accounting treatment of all residential uncollectible expenses because of the unique population it serves.

In efforts to improve the assistance provided, the LITF recommends narrow exceptions for enrollment and removal be included in the program, to provide We Energies and participants limited flexibility. The RLIP does not include the educational component of the current LIP, because some members of the LITF were skeptical about its worth. The RLIP instead includes optional referrals to energy conservation and financial literacy training. As a result, failing to attend the trainings will no longer be cause for removal from the program.

The RLIP is proposed as a permanent program with recommendations and criteria for expansion. The LITF recommends an expansion of the RLIP into Kenosha County and Racine County because of the demonstrated need for a low-income energy assistance program in both counties. The LITF also recommends an expansion of the RLIP's enrollment cap in Milwaukee County because of a demonstrated need for further low-income energy assistance. This expansion would hinge on the availability of a viable support structure.

The role of social service agencies as case managers is preserved in the RLIP. Based on best practices and the experience of the current LIP, social service agencies can effectively fill a unique role in energy assistance programs.

This RLIP is a result of the LITF's extensive research into the current LIP, the preservation of the best components of the current LIP, best practices research, and the reliance on the experience and knowledge of the stakeholders who actively took part in the LITF.

The LITF recommends to the PSCW that We Energies and the partner agencies implement the proposed RLIP in its entirety. It is a comprehensive package designed to achieve program goals, satisfy the objectives of the LITF, provide assistance to those at risk, and be cost-effective.

F. APPENDICES

A. Low Income Task Force Participants
B. Low Income Task Force Charter
C. Agendas for Task Force Meetings
D. Low Income Customer Analysis Presentation
E. Low Income Task Force Overview Presentation
F. LIP Process, Call Handling, and Workshop Overview Presentation
G. Presentation By Community Advocates
H. Presentation By the Hebron House of Hospitality
I. Presentation By the Social Development Commission
J. Presentation By TetraTech on LIP
K. Business Case Support Documents
    a. Business Case Presentation by We Energies
    b. Business Case Presentation Supporting Analysis
L. Escrow Accounting Presentation
M. Weatherization Presentation by Wisconsin Department of Administration
N. Weatherization Presentation by WISCAP
O. Best Practices Report
P. Best Practices Presentation
Q. Lifeline Rates Presentation
R. PSCW 1981 Order on Lifeline Rates

APPENDIX A – LOW INCOME TASK FORCE PARTICIPANTS

Last Name	First Name	Title	Org
Allen	Essie	Racine Kenosha Community Action	Deputy Director
Blanks	Deborah	Social Development Commission (SDC)	Chief Executive Officer
Brown	Susan	DOA Division of Energy Services	Deputy Administrator
Eckles	Phyllis	We Energies	Low Income Coordinator
Elliott	Andi	Community Advocates	Associate Director
Gerharz	George	Allied Community Solutions	Managing Partner, Allied Community Solutions
Higley	Charlie	Citizens Utility Board (CUB)	Executive Director
Jennings	Bryan	Racine Kenosha Community Action	WHEAP Coordinator
Jones	Bob	WI Community Action Program (WISCAP)	Public Policy Director
Juno	Bernie	Hebron House of Hospitality, Inc.	Executive Director
Kirkendoll	Maudwella	Community Advocates	Manager, Basic Needs Services
Lauber	Scott	We Energies	Controller - Delivery Business
Mueller	Mike	We Energies	Manager - Low Income & Medical Condition Programs
Mulroy	Molly	We Energies	Director - Credit & Collection Strategy & Operations
Powe	Tracy	We Energies	Senior Continuous Improvement Specialist
Pray	Tara	Social Development Commission (SDC)	Energy Assistance Program Manager
Riemer	David	Community Advocates	Director, Community Advocates Public Policy Insititute
Schulz	Sharon	Racine Kenosha Community Action	Chief Executive Officer
Shafer	Joan	We Energies	Vice President - Customer Services
Shenot	John	Public Service Commission of Wisconsin (PSCW)	Policy Advisor
Sias	Thelma	We Energies	Vice President - Local Affairs

Stenlund	Jan	SDC	Director - Program Services
Swailes	Chris	Public Service Commission of Wisconsin (PSCW)	Public Utility Auditor
Taylor	Lena	State of Wisconsin	State Senator - 4th Senate District
Templeton	Carrie	Public Service Commission of Wisconsin (PSCW)	Assistant Administrator - Water, Compliance and Consumer Affairs
Volk	Joe	Community Advocates	Chief Operating Officer, Community Advocates
Young	Leon	State of Wisconsin	State Representative - 16th Assembly District
Zemlicka	Jane	Public Service Commission of Wisconsin (PSCW)	Consumer Affairs Analyst

APPENDIX B – LOW INCOME TASK FORCE CHARTER

Low Income Task Force
Team Charter (finalized 10/19/10)

Goal:
Develop recommendations to the PSCW and We Energies on effective approach(es) to assist low income households to manage their energy needs with due consideration of cost implications.

Objectives:
1. Identify and document various approaches to assist low-income households manage their energy usage and related costs.

2. Categorize the target populations to be served by the identified approach(es), considering; income level, medical condition, age (elderly), disconnection history, payment history, energy use, geography, etc.
3. In the context of the identified approaches and populations served, identify the value of the following:
   - Escrow accounting
   - Life-line rates
   - Weatherization
   - Conservation Education
   - Financial Education

4. Investigate other low income programs for best practices.

5. Recommend the approach(es) that offer the best opportunity to assist low-income households .
   - Establish specific goals, objectives to be achieved by the approach(es) chosen.
   - Define rules for retention in the developed program.
   - Determine the cost effectiveness of all proposed approaches and develop associated cost benefit analysis.
   - Identify the measures to be used to evaluate and determine the effectiveness of the approach(es) selected.
   - Provide a detailed set of recommendations to the PSCW and We Energies.

Timeline:
- October 6 — Taskforce Kickoff
- December 17 — Finalize recommendations and present to PSCW and We Energies for approval
- January 2011 — Receive PSCW and We Energies Decision
- February-April 2011 — Transition to new low income approaches
- April 15, 2011 — Current Low Income Pilot ends

APPENDIX C – AGENDAS FOR TASK FORCE MEETINGS

A summary of each LITF meeting follows:

1. October 6, 2010 – Team Kickoff Meeting:
   - Introduction to team members' roles, responsibilities and expectations
   - Created LITF team charter (See Appendix B for LITF charter.)
   - Reviewed history and current state of We Energies low income programs
   - Planned for future meetings

2. October 19, 2010 – Information review and discussion:
   - Reviewed the commissioners' public statements regarding the LIP
   - Reviewed the evaluation summary, cost/benefit analysis, and best practice research of the low income pilot (presented by Laura Schauer from Tetra Tech – formerly PA Consulting)
   - Understood social agency role with case management and education (presented by Phyllis Eckles - We Energies Low Income Coordinator; Tara Pray – Social Development Commission, Energy Assistance Program Manager; Maudwella Kirkendoll - Community Advocates, Manager of Basic Needs; and Bernie Juno - Executive Director of Hebron House of Hospitality, Inc.)
   - Discussed escrow accounting (presented by Scott Lauber - We Energies Controller, and Christine Swailes - PSCW Pubic Utility Auditor)

3. October 28, 2010 – Continued information review and began developing program objectives:
   - Reviewed customer demographics (presented by Peggy Clippert - We Energies Manager of Customer Insight)
   - Discussed pros and cons of lifeline rates (Dave Carlson - We Energies Manager of Electric Regulatory Analysis, Dave Schigoda - We Energies Senior Project Strategist, and John Shenot - PSCW Policy Advisor)
   - Understood LIP perspective from agencies (presented by Maudwella Kirkendoll - Community Advocates Manager of Basic Needs, Bernie Juno - Executive Director Hebron House of Hospitality, Inc., and Deborah Blanks - Chief Executive Officer Social Development Commission)
   - Began to develop objectives for a Revised Low Income Program (RLIP)

4. November 11, 2010 – Continued information review and finalized objectives:
   - Received overview of the Weatherization program (presented by Sue Brown – Deputy Administrator, DOA Division of Energy Services; and Bob Jones – Executive Director Wisconsin Community Action Program (See Appendices L and M)
   - Began discussion of components that would be included in an RLIP

5. November 19, 2010 – Finalized program objectives and continued discussion of program components:
   - Finalized objectives
   - Continued review of components for new RLIP
   - Created outline for taskforce preliminary presentation to PSCW

6. December 1, 2010 – Reviewed best practices and finalized program components:
   - Reviewed best practice research (presented by Michael Bare – Independent Research Consultant retained by Community Advocates Public Policy Institute)
   - Finalized RLIP program components

7. January 12, 2011 – Reviewed final presentation documents for PSCW preliminary presentation:
    - Reviewed business case and updated cost benefit analysis (presented by Scott Lauber - We Energies Controller and Christine Swailes - PSCW Pubic Utility Auditor)
    - Reviewed new program design (presented by Joan Shafer and John Shenot)

8. March 17, 2011 – Reviewed draft of final LITF report • Reviewed draft of the Final LITF report and made changes:
    - Discussed inclusion of LIP in rate case
    - Disbanded taskforce

AGENDA

Low Income Task Force
Kickoff Meeting

Date: **October 6, 2010**
Time: **9:00 am to 1:00 pm**
Location: **We Energies, Public Service Building (main corporate headquarters), 231 W. Michigan St., Room P449**

Meeting objectives:

- Understanding team members' roles and responsibilities
- Obtain overview of current low income energy management programs
- Discuss objectives for future low income programs

Agenda:

1) Welcome/Introductions (Joan Shafer, John Shenot) 10 minutes

2) Discuss Open Meetings Rules (John Shenot) 10 minutes

3) Stakeholder Expectations (All) 30 minutes

4) Task Force Guiding Principles (All) 10 minutes

5) Review of Current State (Molly Mulroy) 60 minutes
   - Background/History of low income programs

6) Working Lunch 30 minutes

7) Draft Goals/Objectives/Philosophies (All) 60 minutes

8) Discuss success criteria (All) 15 minutes

9) Set Future Meeting Dates (All) 15 minutes

10) Next Steps/Next Meeting discussion topics
    - Understanding escrow accounting
    - Pros and cons of lifeline rates
    - State and service territory demographics
    - Low Income Pilot Evaluations/Best Practices

What other information do we need?

(revised 10/4/10 to include names for each agenda item and expand next steps)

AGENDA
Low Income Task Force Meeting #2

Date:	**October 19, 2010**
Time:	**9:00 am to 2:00 pm**
Location:	**We Energies, Customer Contact Center** **N15 W23700 Stoneridge Drive, Rooms 113B&C** **Waukesha, WI 53188**

Meeting objectives:
Continue information gathering and discussion

Agenda: (times are approximate)

1)	Finalize Team Charter	*All*	10 mins (9:00-9:10)
2)	Commissioners Public Statements **(See previous document sent by John)**	*John Shenot*	10 mins (9:10-9:20)
3)	Low Income Pilot ▪ Evaluation Summary ▪ Cost/Benefit Analysis ▪ Best Practice Research	*Laura Schauer from Tetra Tech*	120 mins (9:20-11:20)
4)	Break		10 mins (11:20-11:30)
5)	Case Mgmt/Education	*Phyllis Eckles/Tara Pray*	30 mins (11:30-noon)
~~6)~~	~~Overview of Weatherization~~	~~*Susan Brown/Bob Jones*~~	~~15 mins (11:45-noon)~~
7)	Working Lunch (15 minute break to get lunch)		15 mins (noon-12:15)
8)	Escrow accounting	*Scott Lauber/ Christine Swailes*	60 mins (12:15-1:15)
9)	Comments from the public		

10) Next Meeting discussion topics
- Pros and cons of lifeline rates
- State and service territory demographics
- Overview of weatherization

Next Meeting dates
10/28/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**
11/11/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**
11/19/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**

AGENDA
Low Income Task Force Meeting #3

Date: **October 28, 2010**
Time: **9:00 am to 2:00 pm**
Location: **We Energies, Customer Contact Center**
N15 W23700 Stoneridge Drive, Rooms 113B&C
Waukesha, WI 53188

Meeting objectives:
- Continue information gathering and discussion
- Begin developing objectives for new design

Agenda: (times are approximate)

1) Customer demographics — 60 mins (9:00-10:00)
Peggy Clippert, We Energies

2) Pros/Cons of lifeline rates (**includes 15 minute break**) — 90 mins (10:00-11:45)
Dave Carlson and Dave Schigoda, We Energies
John Shenot

3) Working Lunch (15 minute break to get lunch) — 15 mins (11:45-noon)

4) The Low Income Pilot – perspective from the agencies — 90 mins (noon-1:30)
Bernie, Jan, and Joe, Maudwella, Deborah

5) Begin developing objectives *All* — 30 mins (1:30-2:00)

6) Comments from the public

7) Next Meeting discussion topics
   - Overview of Weatherization
   - Other Low Income Programs
   - Work products for final presentation

Next Meeting dates
11/11/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**
11/19/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**

AGENDA
Low Income Task Force Meeting #4

Date: **November 11, 2010**
Time: **9:00 am to 2:00 pm**
Location: **We Energies, Customer Contact Center**
N15 W23700 Stoneridge Drive, Rooms 113B&C
Waukesha, WI 53188

Meeting objectives:
Continue information gathering and finalize objectives.

Agenda: (times are approximate)

1) Overview of Weatherization (*Sue Brown/Bob Jones)* *30* mins 9:00-9:30

2) Status Update - Other Low Income Programs 5 mins 9:30-9:35
Community Advocates

3) Finalize Objectives (*All)* **Includes 10 minute break** *130 mins* 9:35-11:45
   - SMART: Specific, Measurable, Achievable, Resourced, Timebound
   - Measures to determine success

4) Working Lunch (15 minute break to get lunch) 11:45-noon

5) Discuss tangible products for final presentation (*All)* *30 mins* noon-12:30

6) Begin discussions for following recommendations (All) AS TIME ALLOWS

a. Down payment amount	b. Monthly payment amount
c. Forgiveness	d. Shortfall
e. Enrollment #	f. Enrollment timeframe
g. Pilot length	h. Failure criteria
i. Ability to get back on plan at some time in future	j. Target group
k. Education (financial/conservation)	l. Case management
m. Weatherization	n. Exceptions
o. Escrow accounting	p. Life-line rates

7) Comments from the public

8) Next Meeting discussion topics
   - Other Low Income Programs
   - Continue discussions for team recommendations (agenda item #6 above)
   - Discuss Cost Benefit Analysis

Next Meeting
11/19/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**

AGENDA
Low Income Task Force Meeting #5

Date: **November 19, 2010**
Time: **9:00 am to 2:00 pm**
Location: **We Energies, Customer Contact Center**
N15 W23700 Stoneridge Drive, Rooms 113B&C
Waukesha, WI 53188

Meeting objectives:
Finalize objectives, review presentation/filing outline, and discuss other program components

Agenda: (times are approximate)

1)	Funding to agencies beyond 12/31/10 (Joan)	15 mins	9:00-9:15
2)	Review and further refine objectives as needed	120 mins	9:15-11:15

a. Reduce Collection Costs
b. Enroll Elderly and Disabled
c. Reduce Energy Consumption
d. Improve Payment Patterns
e. Maintain Utility Service (minimize disconnections)

3)	Review outline of taskforce presentation to PSC	30 mins	11:15-11:45
4)	Working Lunch (break to get lunch)	15 mins	11:45-noon
5)	Review outline of We Energies filing to PSC	30 mins	noon – 12:30
6)	Continue discussion for design elements	75 mins	12:30 – 1:45

a. Do we require a down payment amount (Yes, and how much?)
b. Do we require a minimum monthly payment amount (Yes, and how much?)
c. Do we allow for forgiveness – (Yes and what will it look like?)
d. How do we handle shortfall? ($ difference between what customer actually used and what customer actually paid at end of year)
e. Enrollment
   - Who is/are the target group(s) for the program? Will there be exceptions allowed in addition to the target group?
   - Enrollment Cap - Do we set a maximum number that can be enrolled in the program? Not sure…need more information. Might want to make the cap larger if we can handle it administratively
   - Enrollment Period - Should there be a certain time period in which enrollments will ONLY be accepted? Having an enrollment period makes the process more manageable, it might be administratively difficult to manage otherwise.
   - Length of time in program - How long can participants stay in the program?
f. Failure Criteria
   - What constitutes removal from the program?
   - If one is removed from the program, how can one get back into the program?
g. Consider education (financial/conservation)
h. Consider Case management
i. Consider Weatherization Process

   - How to handle deferrals
   - Determine criteria for LIP
   - Make it a priority for LIP

j. Escrow Accounting - Do we want to continue escrow accounting? Yes, and include explanation in presentation to PSC.
k. Life-line rates- Do we want to include? No, and include explanation in presentation to PSC

7) Comments from the public

8) Next Meeting discussion topics (Joan/John) 15 mins 1:45-2:00pm
   - Analysis of Low Income Programs (Mike Bare – mike@mbare.org)
   - Continue developing presentation documents
   - Other?

Next Meeting
12/1/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**
12/8/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**
12/15/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**

AGENDA
Low Income Task Force Meeting #6

Date: **December 1, 2010**
Time: **9:00 am to 2:00 pm**
Location: **We Energies, Customer Contact Center**
N15 W23700 Stoneridge Drive, Rooms 113B&C
Waukesha, WI 53188

Meeting objectives:
Learn about utility best practices; continue work on objectives and program components

Agenda: (times are approximate)

1) Funding to agencies beyond 12/31/10 (Joan)	15 mins	9:00-9:15
2) Utility best practices (Mike Bare)	90 mins	9:15-10:45
3) Break	15 mins	10:45-11:00
4) Commissioners response to objectives (John)	30 mins	11:00-11:30
5) Update on cost/benefit analysis (Lauber/Swailes)	60 mins	11:30-12:30
6) Working lunch	15 mins	12:30-12:45
7) Review program design components (Mike M.)	60 mins	12:45 – 1:45
8) Comments from the public		
9) Next meeting discussion topics (Joan/John)	15 mins	1:45-2:00

Next Meetings
12/8/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**
12/15/10, 9:00 am-2:00 pm **We Energies, Pewaukee Customer Contact Center**

AGENDA
Low Income Task Force Meeting #7

Date:	**January 12, 2011**
Time:	**9:00 am to 2:00 pm**
Location:	**We Energies, Customer Contact Center** **N15 W23700 Stoneridge Drive, Rooms 113B&C** **Waukesha, WI 53188**

Meeting objectives:
Review business case, cost benefit analysis, and program components

Agenda: (times are approximate)

1) Recap (Joan/John)	15 mins	9:00-9:15
2) Business case and cost/benefit analysis (Chris/Scott)	60 mins	9:15-10:15
3) Break	15 min	10:15-10:30
4) Program design overview (Joan/John)	60 mins	10:30-11:30
5) Lunch		
6) Comments from the public		
7) Next steps (Joan/John)	15 mins	

AGENDA
Low Income Task Force Meeting #8

Date: **March 17, 2011**
Time: **9:00 am to 2:00 pm**
Location: **We Energies, Customer Contact Center**
N15 W23700 Stoneridge Drive, Rooms 113B&C
Waukesha, WI 53188

Meeting objectives:
Review final task force report, discuss next steps and We Energies upcoming rate case

Agenda: (times are approximate)

1)	Introductions	10 mins	9:00-9:10
2)	Recap (Joan/Carrie)	15 mins	9:10-9:25
3)	Review draft of Final Task Force report (Joan/Mike B.)	60 mins	9:25-10:25
4)	Break	15 mins	10:25-10:40
5)	Resolution of outstanding items	30 mins	10:40- 11:10
6)	Inclusion of LIP in next rate case (Joan) • Includes a 15 minute break for lunch	75 mins	11:10-12:25
7)	Comments from the public	15 mins	12:25-12:40
8)	Next steps (Joan/Carrie)	15 mins	12:40-12:55
9)	Closing comments (Joan/Carrie)	15 mins	12:55-1:10

APPENDIX D – LOW INCOME CUSTOMER ANALYSIS PRESENTATION

Low Income Customer Analysis

Presented to the Low Income Task Force

October 28, 2010

Milwaukee poverty-in the news

Milwaukee now fourth poorest city in nation

City's poverty rate in 2009 rises to 27%, Census says

By Bill Glauber and Ben Poston of the Journal Sentinel

Sept. 28, 2010 | (436) COMMENTS

Milwaukee emerged as America's fourth-most impoverished big city in 2009, as the Great Recession rippled across the city and state, according to U.S. Census Bureau figures released Tuesday.

Milwaukee's poverty rate reached 27%, up from 23.4% in the previous year. Only Detroit (36.4%), Cleveland (35%) and Buffalo (28.8%) had higher poverty rates among cities with populations greater than 250,000. Milwaukee was ranked 11th in 2008.

An estimated 158,245 Milwaukeeans lived in poverty last year. For a family of four with two adults and two children, the poverty threshold was an annual income of $21,954.

What's more, nearly 4 in 10 children in Milwaukee were considered poor, meaning an estimated 62,432 children lived in poverty last year, up from 49,952 in 2008.

Poorest big cities

Milwaukee had the fourth-highest poverty rate among U.S. cities with a population of 250,000 or more, with more than one out of four residents living in poverty in 2009. The city ranked 11th highest the previous year.

Percentage of people in poverty, 2009

Detroit, Mich.	36.4
Cleveland, Ohio	35.0
Buffalo, N.Y.	28.8
Milwaukee	**27.0**
St. Louis, Mo.	26.7
Miami, Fla.	26.5
Memphis, Tenn.	26.2
Cincinnati, Ohio	25.7
Philadelphia, Pa.	25.0
Newark, N.J.	23.9

Poverty rises in southeast Wisconsin

Poverty rates climbed in southeast Wisconsin, most notably in Kenosha County where the rate jumped 4.3 percentage points. Milwaukee County's poverty rate of 20.1% leads the state.

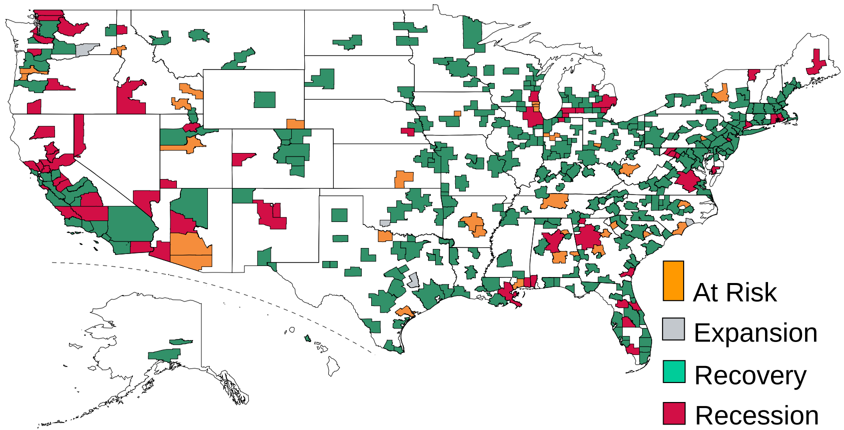
Poverty rate

COUNTY	2008	2009	PERCENTAGE POINT CHANGE
Kenosha	8.9	13.2	+4.3
Milwaukee	16.8	20.1	+3.3
Ozaukee	3.6	5.3	+1.7
Racine	9.9	12.2	+2.3
Washington	4.3	5.4	+1.1
Waukesha	3.9	4.8	+0.9
Wisconsin	10.4	12.4	+2.0

Milwaukee Journal-Sentinel, September 28, 2010

Double-Dip Risks Emerge

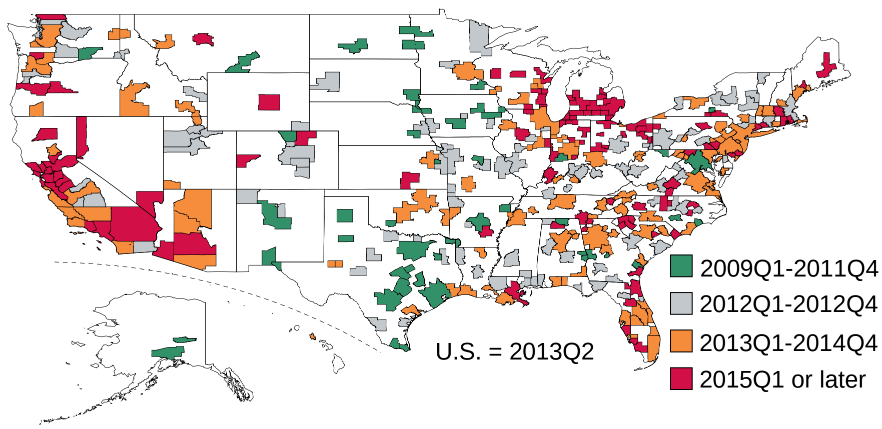
Business cycle status as of July 2010



Source: Moody's Analytics (data available for urban areas only)

New Employment Peaks Will Come Slowly

Projected quarter of new peak in employment, August forecast



Source: Moody's Analytics (data available for urban areas only)

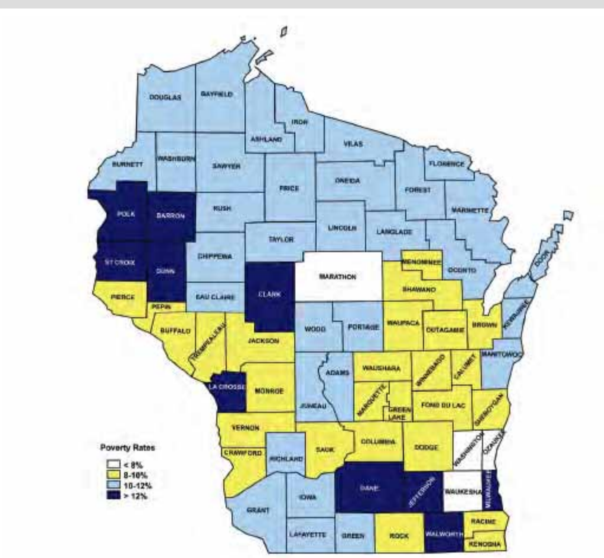
Different Definitions of Poverty

2009 - 2010 Fed Poverty Guidelines Comparison to State Median Income

150% of Poverty (Monthly	60% of SMI (Monthly)	60% of SMI (3 Months)	60% of SMI (Annual)	150% of Poverty Guideline (Annual)	Poverty Guideline (Annual)	60% SMI Converted to Fed Poverty	Family Size	200% of Poverty
$1,354	$1,953	$5,859	$23,435	$16,245	$10,830	216%	1	$21,660
$1,821	$2,554	$7,661	$30,645	$21,855	$14,570	210%	2	$29,140
$2,289	$3,155	$9,464	$37,856	$27,465	$18,310	207%	3	$36,620
$2,756	$3,756	$11,267	$45,067	$33,075	$22,050	204%	4	$44,100
$3,224	$4,356	$13,069	$52,277	$38,685	$25,790	203%	5	$51,580
$3,691	$4,957	$14,872	$59,488	$44,295	$29,530	201%	6	$59,060
$4,159	$5,070	$15,210	$60,840	$49,905	$33,270	183%	7	$66,540
$4,626	$5,183	$15,548	$62,192	$55,515	$37,010	168%	8	$74,020
$5,094	$5,295	$15,886	$63,544	$61,125	$40,750	156%	9	$81,500
$5,561	$5,408	$16,224	$64,896	$66,735	$44,490	146%	10	$88,980

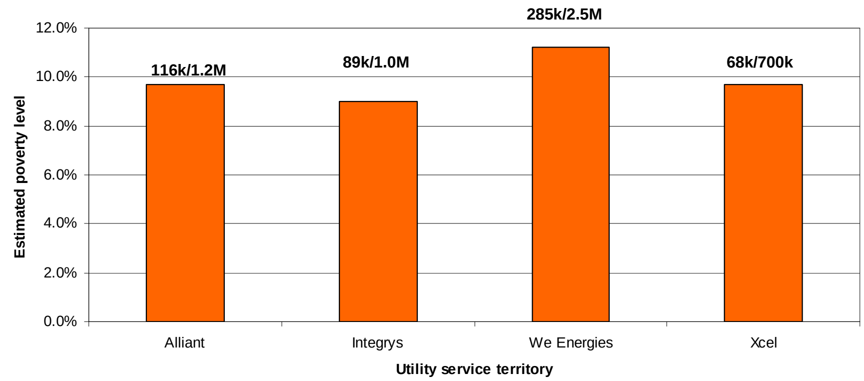
Social Development Commission-Poverty Fact Sheet-2010 (original source: U.S. Dept. of Health and Human Services) & information from Mike Mueller re 60% State Median Income)

Wisconsin poverty by county



Wisconsin Poverty Report, September 2010 (100 % poverty level)

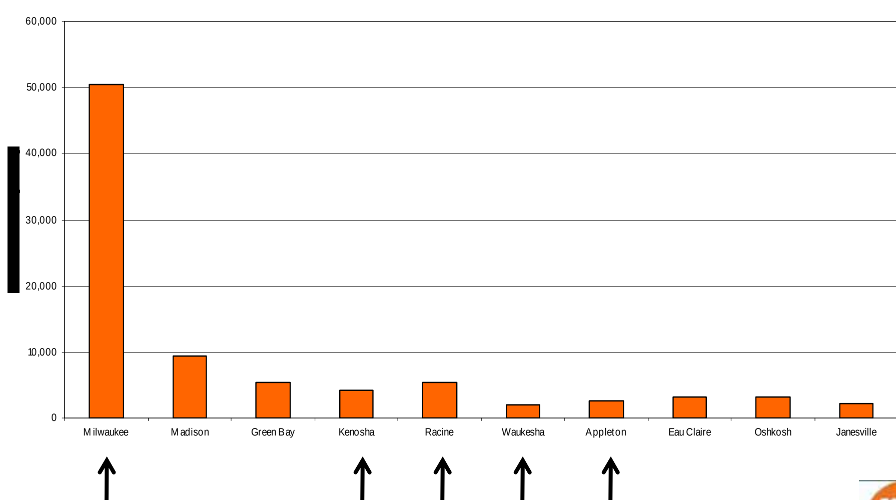
Estimated 100% poverty levels and volumes shown by service territory



People in poverty

Census Bureau’s American Community Survey source data, service territory estimates by aggregating county data

Number of households at 100% poverty rate in the ten largest cities in Wisconsin

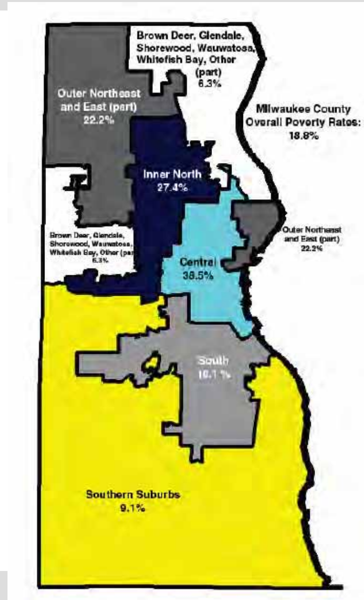


Ten largest cities in Wisconsin, 2009 U.S. Census bureau

Milwaukee County-pockets of poverty

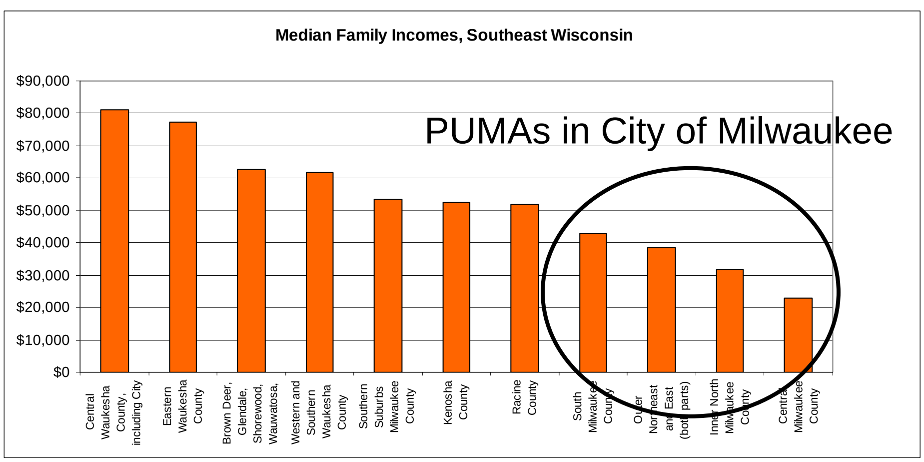
Census Area	Population	People in poverty
Outer Northeast and East (both parts)	169,243	**37,572**
Inner North	140,928	**38,614**
Central	124,152	**47,799**
South	167,922	**30,394**
Brown Deer, Glendale, Shorewood, Wauwatosa, Whitefish Bay, Other (both parts)	111,427	**7,020**
Southern Suburbs	242,849	**22,099**

Estimated total people in poverty in the City of Milwaukee: 154,000



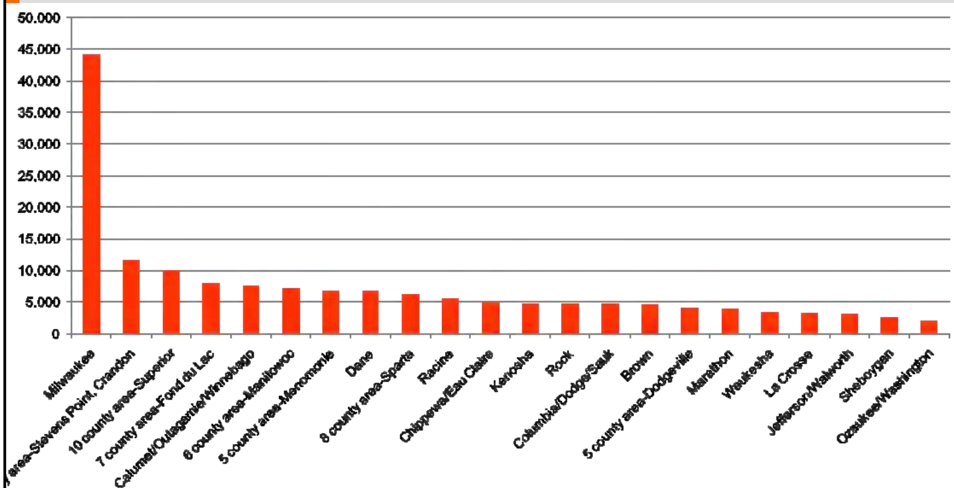
Wisconsin Poverty Report (2008 data)

Income levels are lowest in Milwaukee County



Census Bureau's American Community Survey source data (PUMA)

Milwaukee County has 17% of population in state, 28% of households receiving LIHEAP funds



We Energies' customers are 50% of the state's Energy Assistance paid applications.

Wisconsin Poverty Report-2008

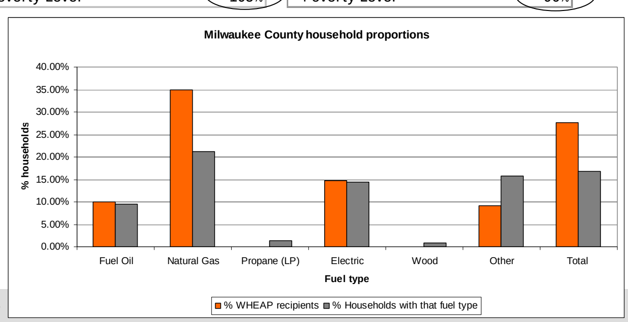
Milwaukee County WHEAP recipients

STATEWIDE (W/O MILW CTY)

fuel type	case count	ave fuel costs (where >$0)
Fuel Oil	6,890	$1,329
Natural Gas	85,557	$879
Propane (LP)	18,704	$1,545
Electric	20,313	$645
Wood	20	$1,156
Other	10	$842
	131,494	
Electric baseload	135,017	$453
Poverty Level		105%

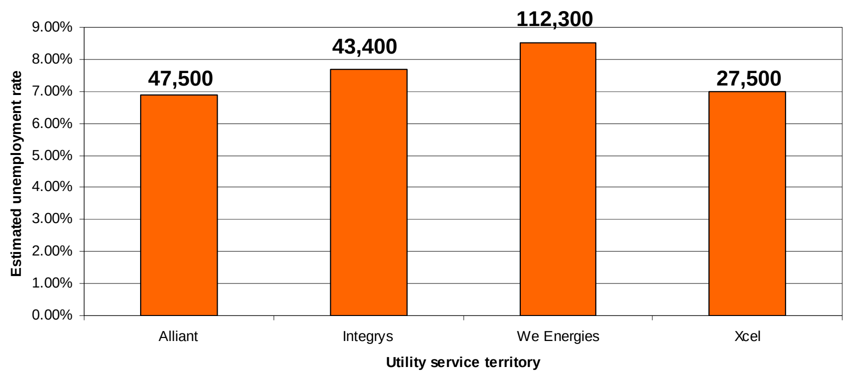
MILWAUKEE

fuel type	case count	ave fuel costs (where >$0)
Fuel Oil	762	$1,411
Natural Gas	45,759	$1,117
Propane (LP)	7	$928
Electric	3,532	$630
Wood	0	$0
Other	1	$954
	50,061	
Electric baseload	55,209	$422
Poverty Level		96%



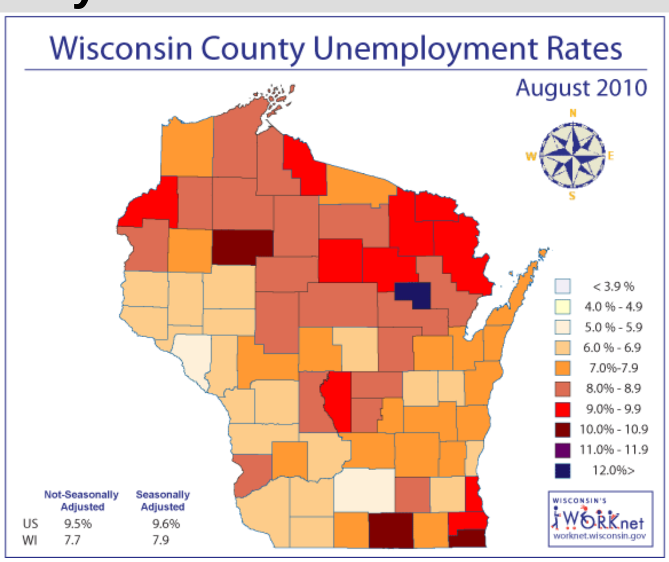
Sources: DOA-Division of Energy Services (WHEAP data) and Census Bureau

Estimated unemployment rates and volumes by service territory



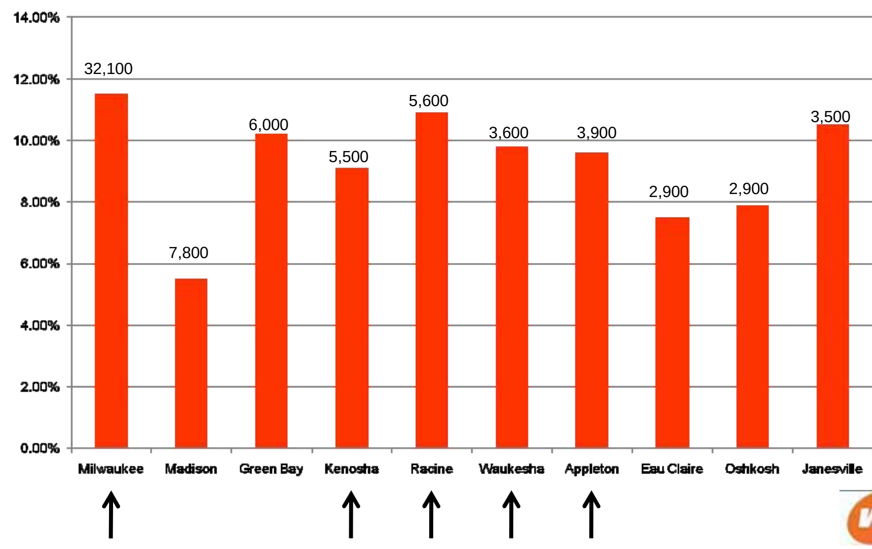
Census Bureau's American Community Survey source data, service territory estimates by aggregating county data

Wisconsin unemployment rates by county



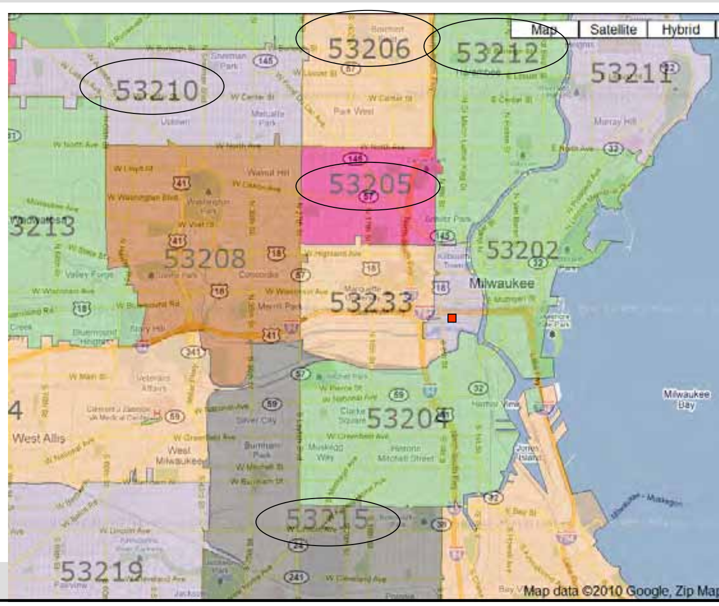
Wisconsin Department of Workforce Development

% and Volume of Unemployment (10 largest cities)

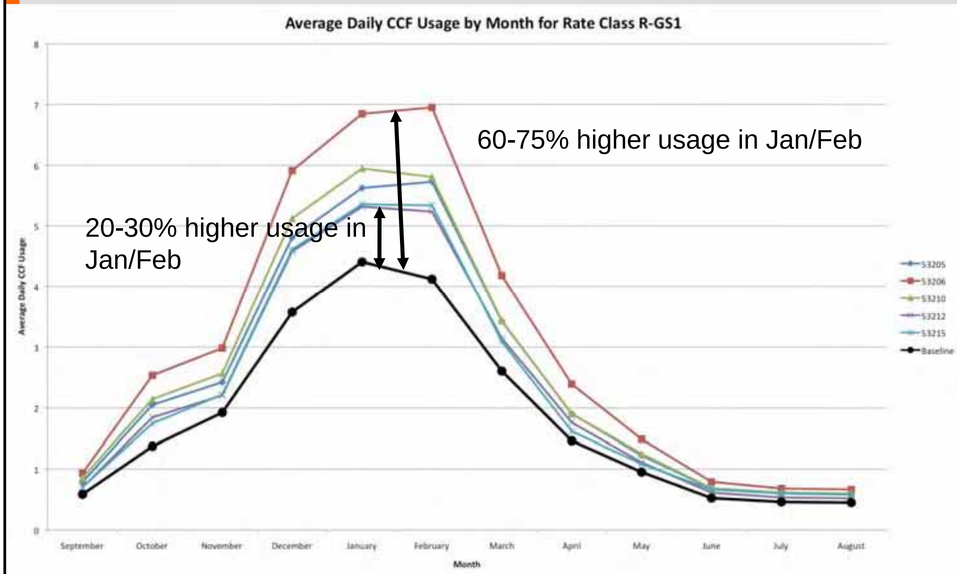


Wisconsin Department of Workforce Development, August 2010

Wisconsin Gas sample zip codes

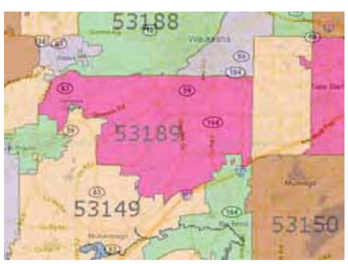


Usage in select WG gas zip codes



September 2009 – August 2010 usage, residential rate class

Wisconsin Electric gas sample zip codes



Waukesha: 53189

Racine:

A=53404

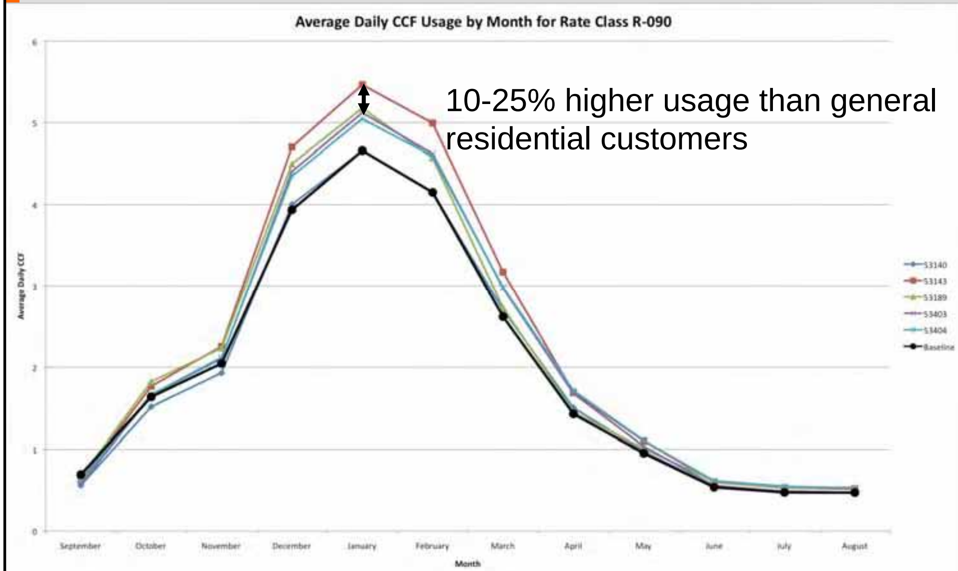
B=53403

Kenosha:

C=53140

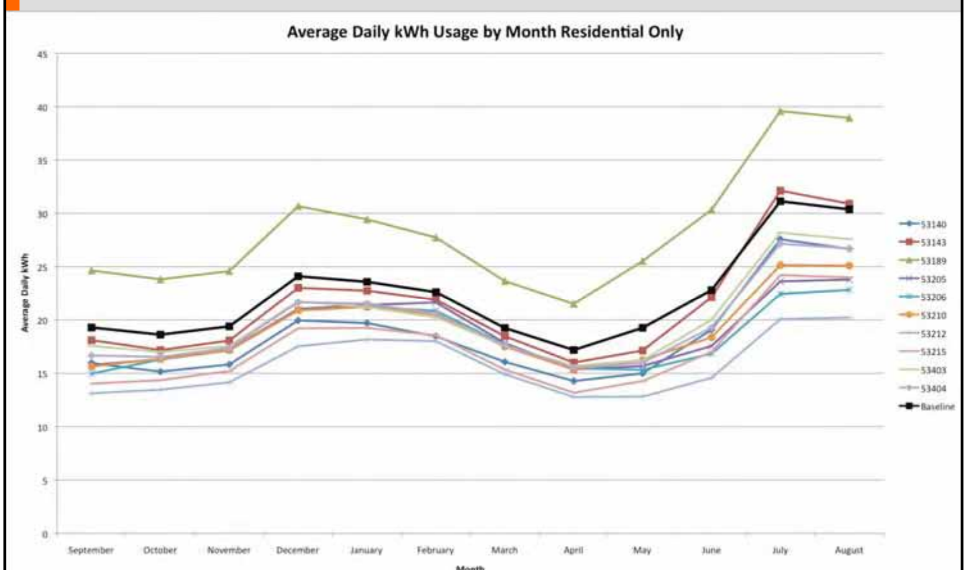
D=53143

Usage in select WE gas zip codes



September 2009 – August 2010 usage, residential rate class

Electric usage in select zip codes



September 2009 – August 2010 usage, residential rate class

Conclusions

- City of Milwaukee and other urban areas in SE Wisconsin have large pockets of poverty
- Across the territory, We Energies has an estimated higher proportion as well as a higher number of households living in poverty than the other large investor-owned utilities in the state
- Our low income customers use more gas than our average residential customers, compounding their energy bill woes
- Looked primarily at 100% poverty levels; current program eligibility levels go to 200%
- Not everyone who needs help gets it

Sources

- Wisconsin Poverty Report: Methodology and Results for 2008, New Measure, Broader View, and Technical Appendix. Institute for Research on Poverty. September 2010.
- American Community Survey, both 2009 one year estimates and 2006-2008 three year estimates. www.census.gov
- We Energies Customer Database (for usage data)
- Milwaukee Journal-Sentinel, September 28, 2010
- Wisconsin Department of Workforce Development (unemployment data)
- Poverty Fact Sheet, 2010-Social Development Commission
- Google zip code map
- DOA-Division of Energy Services-2010 WHEAP recipients
- Moody's Analytics

Appendix

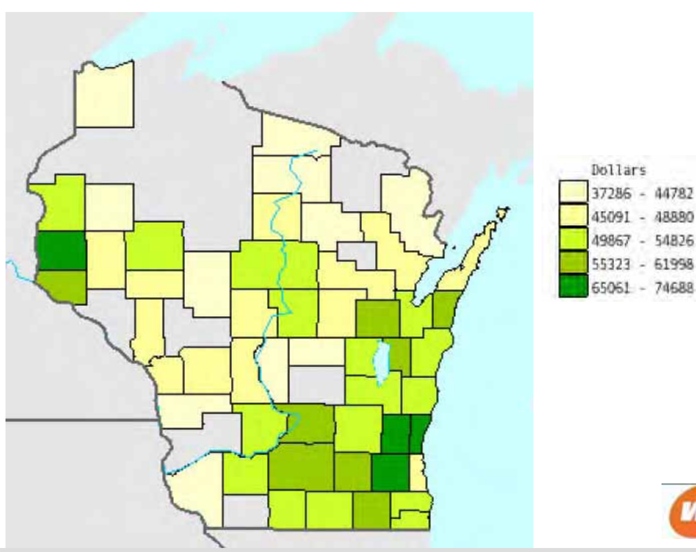
Unemployment drops in Wisconsin cities, counties

Story Created: Oct 27, 2010 at 2:30 PM CDT
Story Updated: Oct 27, 2010 at 3:00 PM CDT

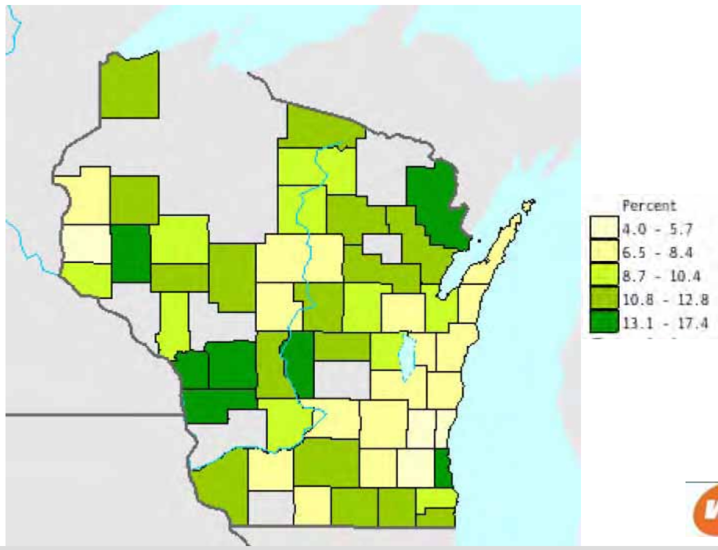
MADISON, Wis. (AP) — Unemployment rates improved in nearly every Wisconsin city and county in September.

The Wisconsin Department of Workforce Development reported Wednesday that unemployment rates improved in 71 of 72 counties, was unchanged in one, and improved in 30 of the state's largest cities.

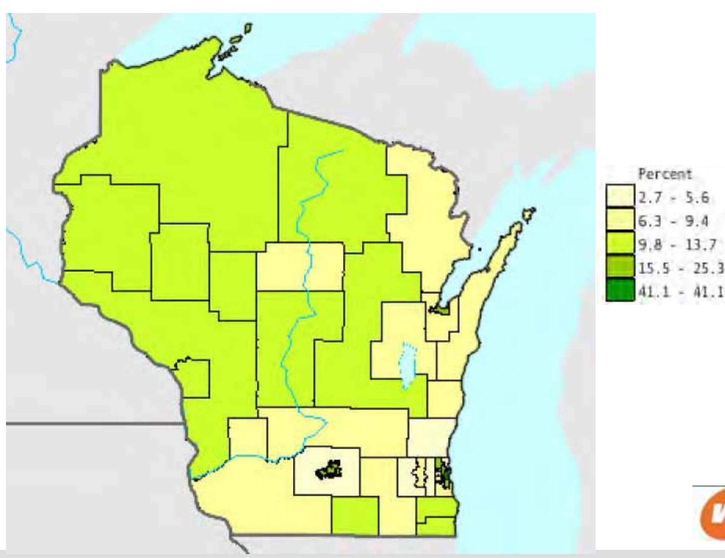
Wisconsin average household income



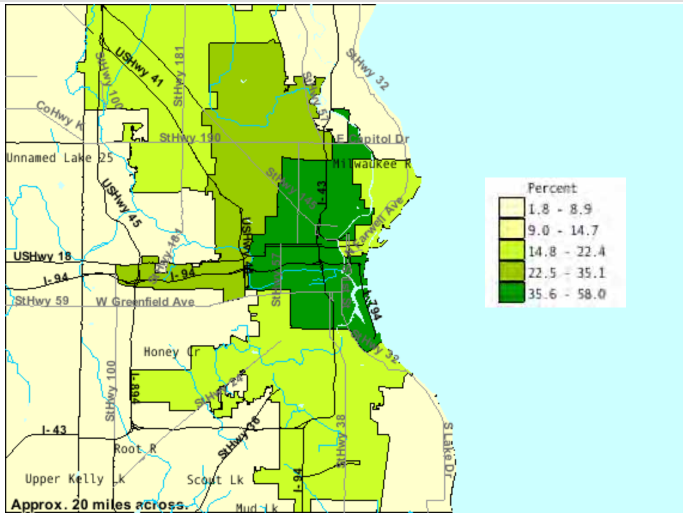
Wisconsin-poverty by county



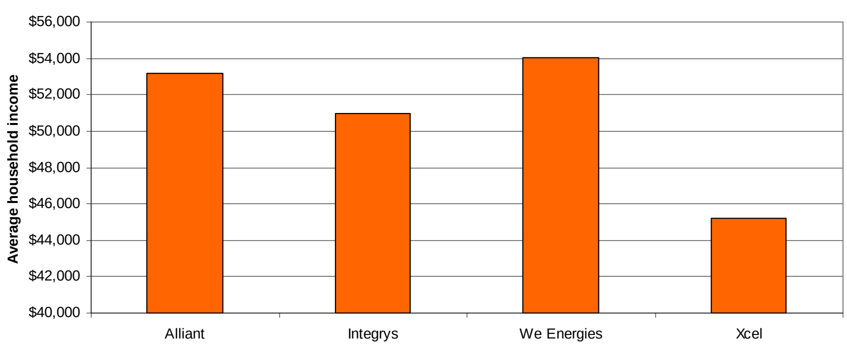
Wisconsin-poverty by census area



Milwaukee-pockets of poverty



Estimated average household income by service territory



APPENDIX E – LOW INCOME TASK FORCE OVERVIEW PRESENTATION

Low Income Task Force Overview

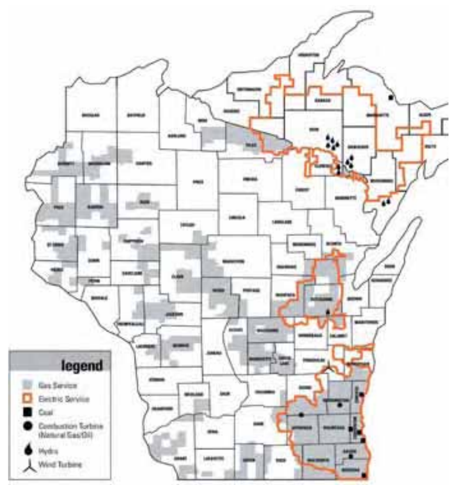
October 6, 2010

Goals

- Overview
- Gain an understanding of our business
- Learn about challenges
- Develop next steps

Overview - We Energies

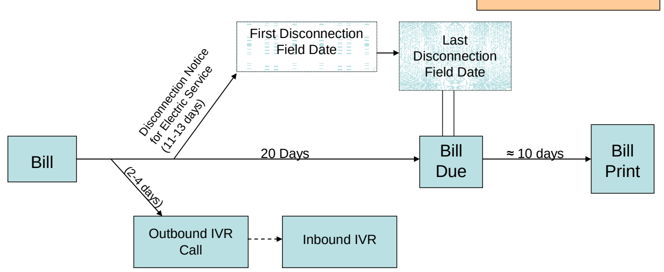
- **Electric and Gas Utility:**
  - **Electric Customers**: 1.1M
  - **Gas Customers**: 1M
  - **Combined Electric and Gas Customers:** 781K
  - **Total Customers Served**: 2.2M
- **Wisconsin Poverty Statistics (2004-2006):**
  - Milwaukee, Racine and Kenosha represent:
    - 40.6% of state population under 100% of the Federal Poverty Level (FPL)
    - 25% of state population between 100% and 199% of the FPL



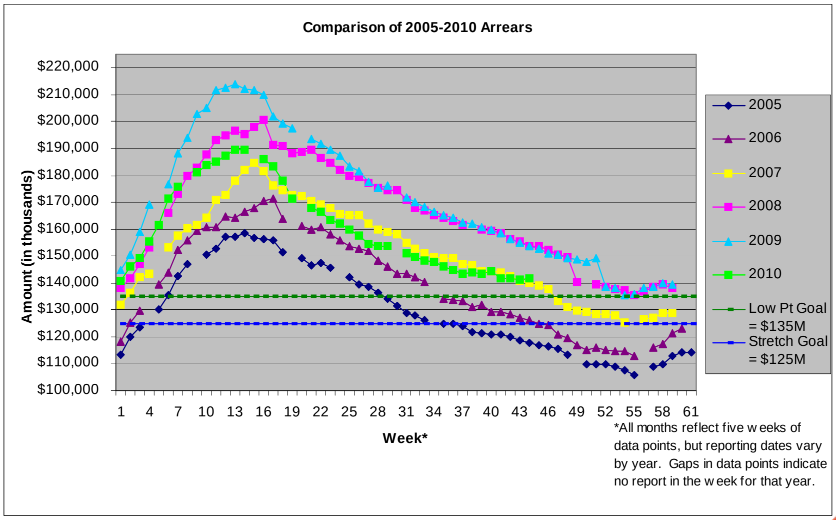
Collections Cycle

Factors Used to Determine the Number of Disconnection Notices Sent:
-Company resources available
-Customer Risk Score
-Dollars owed by customer
-Age of arrears
-Number of customers in arrears

Factors That Can Impact Disconnection:
-Payment in Full
-Pay Agreement
-Minimum Payment Option (MPO)
-EA/Crisis
-Medical Condition or 21 Day Medical Extension
-Change in service



All Customer Arrears: 2005-2010



Arrears as of Sept. 30, 2010 = $141.8M

Overview – Credit & Collections

- **Arrears - Peaks and Low Points:**

	2005	2006	2007	2008	2009	2010
All Arrears Peak (Apr.)	$158.5M	$171.3M	$184.9M	$200.5M	$213.8M	$189.7M
Low Point (Nov.)	$105.6M	$112.8M	$125.3M	$135.5M	$135.3M	TBD

- **Residential Key Statistics:**

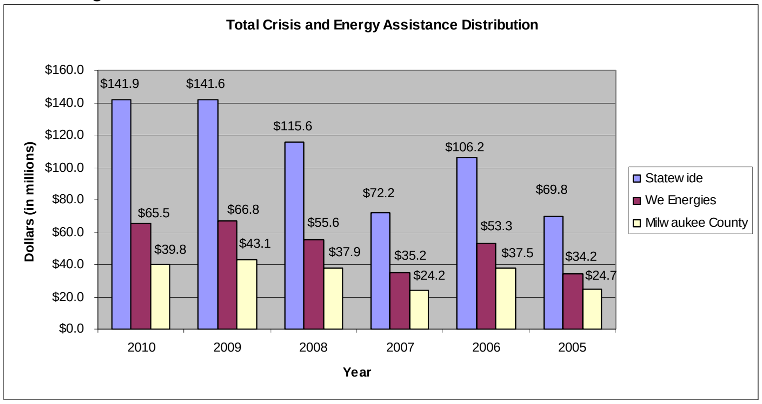
September 30 figures unless otherwise noted.
^August 31 figures
(All $ in millions)

Residential (Res.)	2007	2008	2009	2010
Bad Debt Key Indicators:				
Arrears	$127.979	$140.525	$144.091	$135.531
Res. Bad Debt YTD (without escrow and without amortizations)	$37.498	$41.425	$54.489	$43.602
Res. Bad Debt as % of Total Revenues*	2.38%	2.41%	3.58%	2.69%^
Res. Bankruptcy Dollars YTD	$6.909	$10.749	$15.078	$23.047
Operational Tactics to Mitigate Risk:				
Deposit Dollars Held	$1.541	$3.932	$5.348	$6.781
Disconnections (begin 4/15)	47,336	48,161	44,630	46,329
Energy Assistance	$34.9	$55.6	$66.5	$66.4

*Revenues are calculated on a rolling 12 month basis.

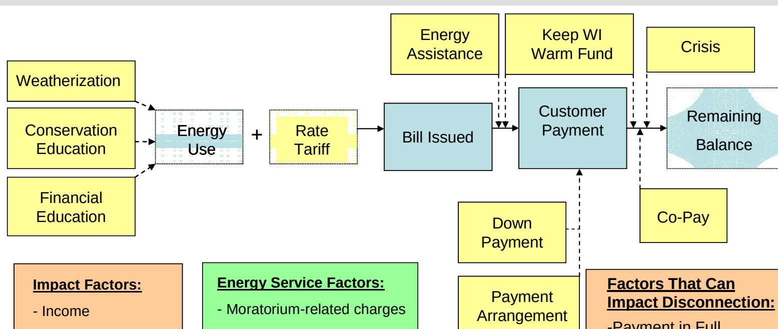
Overview – Energy Assistance & Crisis*

* All 2010 figures as of June end



Low Income Energy Assistance Distribution Detail (Crisis and Energy Assistance) ($ in millions)						
Year	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Statewide - Crisis	$11.2	$18.9	$12.8	$18.1	$17.7	$15.2
Statewide - Energy Assistance	$130.7	$122.7	$102.8	$54.1	$88.5	$54.6
Milwaukee County - Crisis	$3.2	$4.6	$3.2	$5.9	$6.2	$5.6
Milwaukee County - Energy Assistance	$36.6	$38.5	$34.7	$18.3	$31.3	$19.1
We Energies - Crisis	$5.1	$7.3	$4.8	$8.6	$8.3	$7.1
We Energies - Energy Assistance	$60.4	$59.5	$50.8	$26.6	$45.0	$27.1

Low Income Billing and Payment Factors



Impact Factors:

- Income
- Size of household
- Housing
- Education
- Medical condition
- Age
- Economy
- Amount of aid and assistance available

Energy Service Factors:

- Moratorium-related charges
- Frequent moves
- Medical conditions
- Disconnections
- Self reconnections and energy theft
- Cost to serve

Factors That Can Impact Disconnection:

- Payment in Full
- Pay Agreement
- Minimum Payment Option (MPO)
- EA/Crisis
- Medical Condition or 21 Day Medical Extension
- Change in service

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Our Philosophy

Build Partnerships → Develop Creative Solutions → Implement multi-prong tactics → Mitigate Risks

Build Partnerships

Community Groups:
- Community Advocates
- Social Development Commission (SDC)
- Wisconsin Community Action Program Association
- Citizen's Utility Board (CUB)
- County Energy Networks

Government:
- Department of Administration (DOA)
- State, County and City Government
- Public Service Commission of Wisconsin (PSCW)

Develop Creative Solutions
- Early Identification Program (EIP)
- Low Income Pilot (LIP)
- Local Energy Groups
- Community Events
- Resource Fairs

Implement multi-prong tactics
- Bill payment options
- Energy assistance
- Weatherization
- Energy efficiency and conservation education

Mitigate Risks
- Escrow accounting

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Programs for Low Income Customers

Program	Early Identification Program (EIP)	Low Income Pilot (LIP) Program
Length	▪ One year	▪ Multi-year
Basic Elements	▪ Low income customer ▪ Customer must agree to pay the required down payment. ▪ Wisconsin Residential account. ▪ Customer can not have multiple active accounts in their name. ▪Account must have arrears.	▪ Customer must agree to pay the required down payment. ▪ Customer can't have multiple active accounts in their name. ▪ Low income customers previously disconnected ▪ Approximately 3,000 customers in Milwaukee County ▪ 150 customers in Waukesha County ▪ Significant needs exist in Racine and Kenosha Counties. ▪ Changed goals and objectives to align evaluation recommendations ▪ Escrow Accounting for all residential uncollectibles
Eligibility	▪ Arrears balance ▪ Income at or below 200% FPL ▪ Down payment ($600 max.)	▪ Arrears balance and monthly utility bill of $65 or more ▪ Income at or below 200% FPL ▪ Down payment (2 budget months), may use crisis or KWWF
Program Participation Requirements	▪ Make on time monthly payments ▪ Receive energy assistance (EA)	▪ Make on time payments ▪ Receive energy assistance (EA) ▪ Participate in conservation and financial literacy education ▪ Accept any weatherization offered
Monthly Payment	= Budget + ($20 – (1/12 X EA Payment))	= Usage – (Energy Assistance + Utility Co-payment)
WIIFM for customer	Debt forgiveness ▪ 25% per quarter with three, on time monthly payments	Debt forgiveness ▪ 25% per quarter with three, on time monthly payments ▪ Case Management and Customer Monitoring
Statistics	Average retention rate = 11%	Average Year 1 Retention Rate = 41.6%
Status	Ongoing program	Approved through April 15, 2011 Stopped all financial and conservation education as of June 15, 2010 Will not be completing any additional enrollments

Challenges / Risks

- **Low income customers face special challenges**
  - Affordability: Increasing commodity costs and rates over time
  - Economy: Fixed or limited incomes in a challenging economy
  - Poor housing stock: Higher than average usage
  - Payment Assistance: Historically flat levels, so difficult to pay for usage
- **Factors contributing and reflective of these challenges:**
  - Growth in Rates and Affordability
  - Statutes and Administrative Rules
  - Limited Funding Sources
  - Housing Challenges
  - Minimal Non-Profits Funding
  - Fraud and Theft Risk**
- **Outcomes**
  - Late payment charges
  - Negative credit bureau reporting
  - Disconnections
  - Contribution to write-offs

** See following slides for details

Statutes and Administrative Rules

- **We Energies does not disconnect residential customer for non-payment during the "moratorium"**
  - PSC113.0304(2) defines moratorium period for disconnections from November 1 to April 15
    - Approximately 39,000 customers did not make payments during the moratorium (2009-2010) compared to nearly 43,000 (2008-2009)
  - Actions:
    - Assessing moratorium non-pay (MNP) deposits equal to four highest bills (per administrative code, low income customers can have the deposits waived).
    - Legal action if a customer has assets or shows an ability to pay

Funding Sources

- **Energy Assistance (Heat and Electric)**
  - LIHEAP, Low Income Assistance Fund
  - Eligibility: 60% state median income (approximately 200% or below FPL)*
- **Crisis**
  - LIHEAP, Low Income Assistance Fund
  - Eligibility: 60% state median income (approximately 200% or below FPL)*
- **Keep Wisconsin Warm Fund**
  - Private and Public Donations, State LIHEAP Matching Funds
  - Eligibility: 60% state median income (approximately 200% or below FPL)*
  - Matching funds eligibility: 150% or below FPL
- Other Private Sources
  - Red Cross, St. Vincent, Churches, etc.
- Weatherization
  - LIHEAP, Low Income Assistance Fund, Federal Department of Energy
  - Eligibility: 60% state median income (approximately 200% or below FPL)*

*Change in income guidelines starting in 2009-2010 energy assistance season

Housing and Weatherization

- WHEDA model: new and improved housing stock
  - Reduced energy use
  - Reduced arrears and bill payment challenges
- Weatherization policies
  - Prioritization for high energy users
  - Deferral list
  - Owner/Landlord improvement efforts
    - Citations issued, but not necessarily resulting in improvements
  - Gap in system = Customer who rents rather than owns does not qualify for weatherization
    - We Energies LIP Weatherization was to target this gap
- Non-Profits providing living quarters
  - Those utilizing services are not eligible for energy assistance, yet there are energy bills being accrued

Fraudulent Activity

- Customers are struggling more and we see that in customer actions:
- Verification of identity for service (Pos ID- Instant ID and Q&A):
  - Month end August 2010 = 87,349
  - Failure rate = 36 – 42% (sent for written application)
- Verification of identity for service (Pos ID written apps)*
  - *Indicators of customer moves and name switching

(August month end)	2010	2009	2008	2007
Pos ID Applications Processed	7,566	9,898	11,109	8,439

  - 80% have a verified identity, but of these 50% do not match the landlord's tenant of record.
  - 20% are denied service as a result of our investigation.
- Identify Theft Cases "Officially" Reported*

(August month end)	2010	2009	2008	2007
Officially Reported ID Theft Cases	123	138	129	186

*We took a formal complaint after receiving affidavits and police reports. Represents about 25% of the total alleged cases of identity theft.

Unsafe Activity and Theft

Identified Self reconnections and energy theft:

(August month end)	2010	2009	2008	2007
Self Reconnects Processed	2,357	2,588	2,697	2,091

Q & A

today, tomorrow, together.

APPENDIX F – LIP PROCESS, CALL HANDLING, AND WORKSHOP OVERVIEW PRESENTATION

How do we handle a call?

Incoming call from customer ► Review Customer Account ► Establish Payment Plan ► Customer seeks agency assistance ► Customer pays their portion of down payment ► Payment agreement goes into affect

Review Customer Account
- Quotes Down Payment

Down payment based on percentage of outstanding balance.

Low income customers are capped at $600.

Establish Payment Plan
- Pay plan negotiated based on guidelines
- Customer accepts pay agreement
- Customer does not accept pay agreement
- EIP plan negotiated with customer

Customer seeks agency assistance
- Customer seeks down payment assistance
- Agency provides down payment assistance
- Agency advocates for new payment plan
- EIP plan negotiated with customer

EIP plan is based on average monthly energy used, reduced by 1/12 of energy assistance benefit received. Has quarterly forgiveness component.

LIP Process

Run Eligibility Query ► Mail LIP Postcards ► Customer Inquiry ► Complete LIP Enrollment ► Manage LIP Enrollments ► Manage LIP Renewals

Run Eligibility Query
- Identify # eligible based on criteria

2010 Enrollment –
4,000 customers eligible
3800 Milwaukee
200 Waukesha

Eligibility based on:
- **Residential**
- **Budget greater than $65**
- **Arrears**
- **Locked in the previous season**
- **Received WHEAP in previous season**
- **No self reconnect in the last 24 months**
- **No previous LIP removed**

Mail LIP Postcards
- Accounts receive LIP Eligible attribute (Identified in CSS)

Customer Inquiry
- Customer calls for LIP info
- Customer provided with down payment and program information
- Referral to participating agency

Down payment based on 2x's system budget

(Capped at $600)

Complete LIP Enrollment
- Customer makes payment & goes to agency
- Agency completes Energy assistance application & LIP enrollment
- Agency reviews LIP agreement with customer
- Agency Schedules Education workshops
- LIP enrollment submitted via Agency Solutions web portal
- EIP Specialists review enrollment and posts in CSS

Manage LIP Enrollments
- Agency delivers education workshops
- Agency assigned late payment tasks via Agency Solutions
- Agency conducts case management follow up

Manage LIP Renewals
- Agency assigned tasks via Agency Solutions to update household income
- Updated info sent to EIP Specialists via Agency Solutions
- EIP Specialists review info & complete plan renewal
- CSS awards forgiveness' and co-pays to remaining balances
- CSS graduates customer to new enrollment year

Color Key

Blue- We Energies	Tan- Agency
Yellow- Customer	Magenta- We Energies and Agency
Green- Informational	

LIP-Educational Workshops Outline

Introduction

- LIP Case Manager
- Review LIP Program and Requirements

  LIP or Low Income Pilot is a program designed to help low-income customers of WE Energies to establish and maintain a manageable monthly budget. In addition to the affordable budget, customers receive forgiveness on balances owed as they make consistent payments. They're provided with educational classes consisting of Energy Conservation, Financial Literacy, and one-on-one counseling. The requirements to remain on the program are to make the budgeted payments each month, attend the educational classes, apply for Energy Assistance each heating season, take necessary steps to conserve energy and accept weatherization when it is offered.

Financial Education

LIP agencies use the FDIC's Money Smart curriculum, see more at: http://www.fdic.gov/consumers/consumer/moneysmart/adult.html

Review of the Money Smart DVD or Financial Literacy Handouts & Discussion

Steps to becoming financially stable and secure

(Share ideas and talk about the following topics**)**

- Budgeting
- Banking
- Asset Building
- Identity Theft
- Obligations as an energy consumer

Questions/Answers about Financial Workshop

Energy Conservation

Conservation DVD, or Conservation Presentation & Discussion

Conservation workshops are provided to reduce residential energy costs and help reduce the demand for energy. The Conservation Module provides tips that can amount to significant savings' throughout the home.

- Review of low cost/no cost ways to lower energy use
- Hands on demonstration of energy saving items
- Distribution of energy savings brochures and materials

APPENDIX G – PRESENTATION BY COMMUNITY ADVOCATES

COMMUNITY ADVOCATES

Where Meeting Basic Needs Inspires Hope

History, Vision & Mission

Community Advocates was founded as a general advocacy agency for low income Milwaukeeans in 1976 by three volunteers. Their vision was to provide fundamental assistance and information to Milwaukee's disadvantaged populations. Thirty-four years later, the agency has a paid staff of over 170—but the vision and hope of its founders remain.

Community Advocates has evolved from dealing primarily with those in crisis to providing programs and services that help prevent crisis. Whether there is a need for safe, affordable housing, case management services for individuals with chronic mental illness, or quality health care for all, Community Advocates meets these needs with effective, innovative programs and services that work.

Our Vision - *A community in which each person envisions a future with hope.*

Our Mission - *To provide individuals and families with advocacy and services that meet their basic needs so they may live in dignity.*

What We Do

- Basic Needs – 36,000 clients served annually
- Housing Advocacy
- Health Care Advocacy
- Disabilities Advocacy
- Utilities Management Services
- Milwaukee Women's Center – 12,000 clients served annually
- Victims of Family Violence Shelter and Services
- Addiction & Mental Health Treatment
- Horizons – Women's Halfway House
- Older Abused Women's Program
- Nevermore – Batterers Treatment
- Behavioral Health & Homeless Outreach – 550 clients served annually
- Case Management Services
- Autumn West Safe Haven
- Homeless Outreach Nursing
- Justice 2000 – 9,600 clients served annually
- Pre-trail Diversion
- Municipal Court Intervention
- Drug Court Coordinator

Who We Serve

- 70% are under the official poverty level
- 75% are female, head of household
- 60% are between the ages of 21 – 50
- 50% have High School diploma or GED
- 40% have a mental illness or substance addiction
- 80% live in rental housing and have moved at least 3 times in the past 5 years
- 80% pay more than 30% of their monthly income for housing
- Average family size is 4
- 72% are African American
- 14% are Latino
- 13% are White
- 1% are Other

L.I.P. is a good fit with Community Advocates other services

- The L.I.P. program enhances our capability to provide a wrap-around approach when dealing with issues affecting the low-income community.
- The L.I.P. program is an integral part of our Basic Needs Division because it’s another tool available to assist clients with meeting their basic needs.

Components of L.I.P. that Work

- Offers Affordable payment plan that customers can realistically maintain
- Allows a customer to establish consistent payment history
- Provides clients with an education on conservation and basic consumer education
- Emphasizes the customers role in maintaining affordable utility bills

Components of L.I.P. that could be Improved

- Expanding the enrollment to include other low-income populations-elderly and disabled
- Terminating a customer from the program due to circumstances beyond their control (i.e. a reduction in hours or a sudden loss of income)
- Creating a process of periodic income review and payment amounts rather than setting the payment amount annually

L.I.P. without Service Agencies Involvement

- Inability to provide individualized consultations which currently provide clients with an atmosphere to be honest and realistic about their ability to make their monthly payments
- We have relationships with clients that WE Energies will have a hard time forming
- Failure Rate would be extremely high

L.I.P. without Service Agencies Involvement Continued

- Case management function is not an appropriate use of WE-Energies customer service staff's time
- Gap in services would occur causing other basic needs issues to go unresolved
- Additional strains would be put on the Vulnerable populations: elderly, disabled, homebound

L.I.P. without Service Agencies Involvement continued

- More families become homeless-causing a strain on the other existing systems: hospitals, jails, shelters, schools, etc.
- Service agencies will have to find resources to assist clients with fees associated with the disconnection of services (reconnection fees, down payments, self connections repairs)
- Clients will resort to scams and using others to maintain service at their unit (sometimes life threatening self-connects).

Impact to Agencies without L.I.P.

- Reduce staff capacity
- Decrease in level of service to the community
- Advocate to enroll customers in other We Energies payment plans

Benefits of the educational component of L.I.P.

- Positive Behavioral Changes are due to the educational component of L.I.P.
  - Impact on entire household-future generations
  - Financial Literacy
  - Energy Conservation
  - Bill Paying-Checking Accounts, Fees
  - Relocation education
  - Guide to be successful in the program
  - Utilizing and maximizing public benefits

The Importance of Education

- The two basic processes of education are knowing and valuing

  -***Albert Einstein***

- The significant problems we face cannot be solved at the same level of thinking we were at when we created them

  -Robert J. Havighurst

- You don't know what you don't know

  -***Maudwella Kirkendoll***

APPENDIX H – PRESENTATION BY THE HEBRON HOUSE OF HOSPITALITY

LIP PRESENTATION

Hebron House of Hospitality

Beginning Goals

- When we gathered to start the Hebron House Shelter the intent was to be around about 3 years
- Faith Based volunteers worked 24/7 to get the emergency shelter up and going for those three years.

Hebron House Shelter

1986

- Focused on serving families and single women when the Salvation Army opened the Lodge in Waukesha County
- Started the No-Interest Loan Program With Budget Counseling Services
- Started the Housing Placement Program with Landlord/Tenant Counseling Services

Budget Counseling and LIP

1996

- General Assistance discontinued for single adults with special needs
- Replaced with Basic Program

Cornerstone Apartments

Jeremy House Safe Haven

1998 and Impact of W2

- Impact of Welfare to Work or W2 on Homelessness was not foreseen by the system change
- On the face of it, Governor Thompson's idea was a rollicking success. In twenty of the State's 77 counties, the welfare roll dropped by 80% or more.
- But these statistics mask some of the grim realities behind the Wisconsin reforms. Professor Sharon Hays of the University of South California has conducted the most thorough study, says Hari. She found that of all the women who had been through the welfare system, half are sometimes without enough money to buy food, and almost half find themselves unable to pay rent or utility bills. "It has some flickers of a good program to get people from welfare to work," says Hari, "but is also packed with measures that are designed to punish people for their 'dysfunction'."

Siena House Shelter

2001 Hebron House Becomes a CHDO

- CHDO-Community Housing Development Organization
- Allows access to set aside for HOME dollars

Gander I

Gander II

Hillside Apartments

2007 Expediting SSI Program

- Collaboration of Disability Determination Bureau, local Social Security office and 26 community agencies along with ProHealth Care.
- Based on the SOAR Model out of Baltimore Maryland
- Obtain benefits for persons disabled and experiencing homelessness in under 71 days
- with a 92% success rate.
- 232 Successful applications have brought in over $5,000,652 in benefits for SSI/SSDI

2008 Washington County Services

Budget Counseling Session

2009 Hunger issues Food Pantry of Waukesha County

- Served 2,726 NEW clients in 2009
- 74,028 people were served in 2009 at the Food Pantry of Waukesha County compared to 67,785 in 2008

Established Overflow shelter to address single men

- Previously served by sleeping on the sofas and floors of existing shelters along with 10 Overflow Shelter beds at Salvation Army
- Need exceeded the usual fix in December 2008
- Opened the Overflow Shelter in January 2009 through April 30th serving 131.
- Opened again in November 2009 to run through April 2010. Served 171 individuals.

2009 Demand For Emergency Shelter Services in Waukesha County

- Salvation Army Served 186 Single Men And Turned Away 268
- Salvation Army provided 15,576 meals at the community meal site and 37,449 meals and snacks to the Lodge guests.
- The Women's Center Served 309 Women And Children And Turned Away 550
- Hebron House Of Hospitality Served 1,971 Individuals As Singles And Families With Children
- Hebron House of Hospitality served 67,635 meals and snacks to the emergency shelter guests.
- Turned Away 720 Families And 1,483 Individuals Because The Shelters Were Filled.

Hope Center in Waukesha County

•**Meals served in 2009 - 18,766 compared to 14,338 in 2008; a 31% increased**

•**The number of children being served went from 167 in 2008 to 702 in 2009; a 320% increase**

Current Participants in the Continuum of Care in Waukesha County

» Hebron House of Hospitality
» Salvation Army
» Richard's Place
» The Women's Center
» Interfaith Senior Programs
» Pregnancy Support Connection
» Mental Health Association
» National Alliance on Mental Illness
» Waukesha Housing Authority
» Metropolitan Fair Housing Council
» Waukesha County Land Trust
» Community Development Block Grant
» Independence First
» Department of Health and Human Services
» Waukesha County Mental Health Clinic
» Waukesha Food Pantry
» La Casa de Esperanza
» Sophia
» ProHealth Care
» Community Action Coalition
» Community volunteers

Children On Average

Comprise 48% of the individuals served in the emergency shelters

In 2008 the agency served 375 children and in 2009 served 836 children an increase of 82%

How does/would the LIP fit into the services you provide?

- LIP fits into the Budget and Housing Counseling service Programs
- Hebron House of Hospitality is able to obtain Credit Reports and review all financial issue with each client and work out functional budgets to assist with eliminating debt for each household

What about LIP works well for you and your customers?

- Having the list of referrals from WE energies
- Having ongoing update information as to the payment schedule and payments missed.
- The program gives the clients a way to keep the energy connection while still maintaining some responsibility of their previous bills.
- Most of these clients have no other way to keep the energy connected and this offers a great option for them.

What about LIP doesn't work well/could be improved for you and your customers?

- Working with this customer base you know that they have many barriers not only externally but internally as well.
- The program currently does not provide much of a lapse of time before they are disconnected.
- For all clients this is the most affordable payment plan and a last chance to have arrear forgiveness.
- There should either be a follow-up workshop session for those who are in jeopardy of falling off of the program or there should be a required credit and budget counseling session since most partner agencies already provide this service.
- The requirements of the program are reasonable but as a case manager of the program, in some cases the circumstances are reasonable but once you are out of the program there is no way to get back in.

What would be the impacts if the service agencies were not involved in the LIP?

- Customers would not have the opportunity to stay connected for energy services
- Customers would not learn one on one energy saving things they can do on their own and they also learn ways to implement them.
- Customers would not learn ways to supplement their income with valuable services like Food Share, energy assistance, housing assistance, weatherization and many other services.
- Customers have an innate fear of systems as they tend to get lost in them and service agencies like ours help them navigate those systems

What would the service agencies do if the LIP ended? What if just the educational components of LIP ended?

- The agencies would continue to strive to assist the client
- Many customers would be disconnected, not able to pay their bills.
- Some of these clients are on housing and one of the rules is to maintain their electric bill, without LIP they could be disconnected and in the end not only lose their lights and heat but their housing as well.

Question

If the SOAR program can make changes in the way the Federal, State and Local Social Security Administration processess applications-

why can't Energy providers change the system they utilize to adjust to the current status of the economic needs and issues of customers and the economy?

Energy Security System

- Pool of Money that is optional for all energy households to pay into
- $1-$10 or some amount given monthly by all energy clients that goes into a pool of funds to offset the energy costs of eligible households that will never have enough income to meet the used services
- Must apply and be approved through a process attached to the current energy assistance program and community agency partners, tracked and recertified yearly by those partners.

SOAR vs Energy Approach

- Local office flags applications as homeless and then sent to the state Disability Determination Bureau special homeless unit; We energies could flag special need or assistance customers
- Agencies act as field office of Disability Determination Bureau or We energies- Customers are referred to local agencies for screening, confirmation of need and special circumstances
- We energies puts them in special follow up program-LIP done through the agencies

Contact Information

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APPENDIX I – PRESENTATION BY THE SOCIAL DEVELOPMENT COMMISSION

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Social Development Commission

Summary of Presentation on the Importance of the Low Income Pilot (LIP)

Deborah Blanks, CEO, Social Development Commission (SDC)
October 28, 2010 Low Income Task Force Meeting

Background Information

There are three major factors related to utility bill payment patterns in our low income community: (1) levels of consumption (Old housing stock in the city of Milwaukee and degree to which landlords assume responsibilities for property maintenance), (2) inability to pay (fixed incomes, 50% unemployment of black males, increased unemployment in southern suburbs of Milwaukee County, lack of job opportunities, spatial mismatch and lack of transportation to jobs in outlying areas) and (3) personal responsibility (feelings of stress, being overwhelmed, lacking a personal strategy and limited resources).

How LIP fits into the services SDC provides

- SDC's new service delivery model focuses on quality and efficiency. Examples include: (1) Welcome Center (versus traditional waiting room area) at intake where Energy and other clients are offered a variety of educational services/resources and onsite sign up for public benefits (Food Share and BadgerCare), (2) provision of Energy and free tax preparation services from one worker and (3) Integrated Supportive Services Team for access to a variety of other SDC and community based services (W-2, Ways to Work, Transitional Jobs).

LIP features that work well for SDC and our customers

- All components work (i.e. the additional co-pay dollars, case management, and financial literacy/conservation training and coaching).
- LIP helps in serving clients who need a considerable amount of assistance, including a worker's time and bill paying solutions. These clients include (1) fixed income clients and (2) those that could move out of their current residence with outside assistance.
- There's no other resource for clients to obtain the additional co-pay they receive from the LIP. An affordable plan, in combination with personal responsibility, is the key to success.

Current LIP features that don't work well/could be improved for SDC and our customers

- Initially there was difficulty in knowing when LIP clients were starting to miss payments. With the new We Energies data system, we can see when there's an "alert" on the account, and our workers can be more proactive in reaching out to the client.
- There's an annual one time only enrollment of clients selected by We Energies. We'd like to select some of the clients who would benefit from the program and then be able to enroll them at different times of the year. This would enable us to fill slots as they open up throughout the year and thereby serve more clients annually.

Impact if the service agencies were not involved in the LIP

- There would be no in person services to address the special needs of these clients without our provider agencies' involvement. This means there would be a loss of face to face contact and the ability to reinforce regular payment patterns. Case management continues this crucial in person contact.
- There would be no co-pay dollars to replace the LIP funds for Energy Assistance.
- There would not be the full menu of services leveraged by the various agencies to holistically support these at risk households. This would potentially lead to increased payment failure rates, and diminish services to the point of becoming scattered versus focused and intensive.

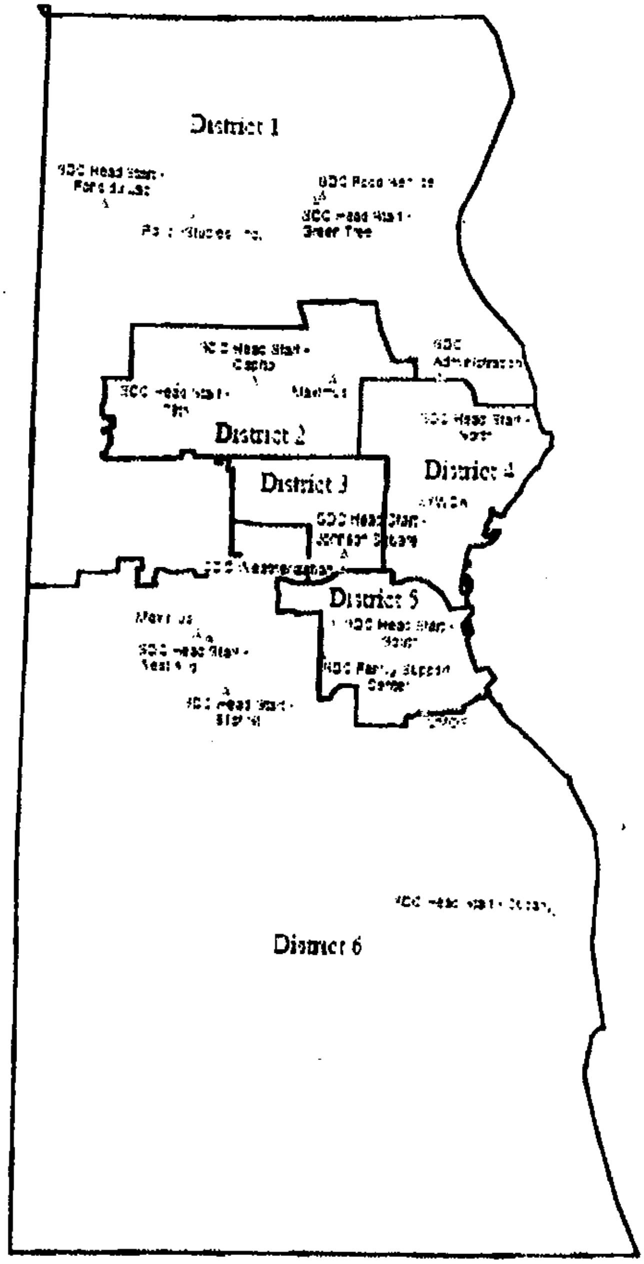
What SDC would do if the LIP ended and/or if only the educational components of LIP ended.

- Our agency would not have the staff capacity to handle this client group, and disconnections would increase.
- There is no other available service in the community to replace LIP. Without LIP, low income families would spiral further into poverty.

In summary, experience tells us that Targeted Assistance Programs, like LIP, are a much more direct and efficient approach to serving our clients.

SDC Program Locations

Tracy



Non Profit Center of Milwaukee - 2010

SDC District	SDC Sites	General Population	Individuals Below Poverty	SDC Clients
District I	**4**	**224,202**	**24,223**	**13,364**
District II	**3**	**112,431**	**20,642**	**14,547**
District III	**1**	**67,307**	**24,470**	**8,335**
District IV	**2**	**94,702**	**25,088**	**8,101**
District V	**1**	**77,110**	**22,545**	**9,521**
District VI	**4**	**364,412**	**22,779**	**11,600**

***Please Note:** Four SDC sites sit on district boundaries (I &IV, III & IV, V & VI, V & VI).*

The map and table on this page show that the SDC has service sites located in each of the SDC's six districts. At first glance, it may appear that Districts III & V are underrepresented in this regard. This is somewhat mitigated by the fact that three of the four overlapping sites border these districts. It should also be noted that these two districts have lower client totals. Overall, it appears that the SDC's site locations are proportional to its client concentrations. However, it is unclear as to whether site locations determine where clients come from or vice versa.

APPENDIX J – PRESENTATION BY TETRATECH ON LIP

TETRA TECH

Low Income Task Force

Discussion of We Energies Low Income Pilot Cost Effectiveness Issues

October 19, 2010

Discussion Points

- Evaluation summary
- Cost/benefit analysis
- Best practice research

- Discussions throughout!

Evaluation Summary

Overview of Evaluation

- Multi-year evaluation
  - July 31, 2005 through March 31, 2009
- Evaluation included many activities across the multi-year evaluation period
  - Tracking system review
  - Participant and nonparticipant surveys
  - Drop-out surveys
  - Best practice review
  - Cost-effectiveness analysis
  - Observational visits

Program Progress – End of Year 3

	Participation Year 1	Participation Year 2	Participation Year 3
Year 1 enrollees (N=3,235)	38.4%	22.6%	16.2%
Year 2 enrollees (N=1,206)	46.8%	27.8%	19.9%
Year 3 enrollees (N=1,228)	44.8%	26.6%	19.0%

- Table represents % active across program years
- Performance improved between year 1 and Year 2
- Year 3 declined slightly, but still an improvement over first year

Recommendations

- Develop a different bill payment value option (e.g., sliding scale, percent of income payment)
- Reconsider the requirement for program participation, including the disconnection requirement
- Identify means for reducing costs and improving cost-effectiveness of the program (discussed next)

Cost/Benefit Analysis

The Four Perspectives

Traditional cost/benefit analysis review four perspectives

- Utility perspective
- Participant perspective
- Total resource cost perspective
- Societal perspective

Data Captured in Tests

Component	Utility	Participant	TRC	Societal
We Energies start-up costs	-		-	-
We Energies program administration costs	-		-	-
Payments to agencies to administer program	-		-	-
Arrearage forgiveness costs to utility (occurring due to early forgiveness)	-	+		
Bill shortfall paid by utility (difference between budget bill and actual bill)	-		-	-
Utility co-payments	-	+		
Agency staff costs in excess of payments to agencies	+		+	
Agency materials costs in excess of payments to agencies	+		+	
Supplement payments from other sources to agencies to administer program	+		+	
Incremental customer payments	+		+	+
Non-energy benefits				+
Participants' costs	-	-	-	-
Avoided disconnection and reconnection costs	+		+	+
Transfer of crisis payments to non-participants				+
Escrow accounting allowance	+		+	

Net Present Value of Components

Costs/Benefit Components	Net Present Value (NPV)
We Energies start-up costs	$332,568
We Energies program administration costs	$1,955,967
Payments to agencies to administer program	$2,034,457
Arrearage forgiveness costs to utility	$307,456
Bill shortfall paid by utility	$1,269,846
Utility co-payments	$1,755,437
Agency additional staff costs	$670,513
Agency materials costs in excess of payments to agencies	$85,910
Supplemental payments from other programs to agencies	$200,935
Incremental customer payments	$314,276
Other participant benefits	$762,442
Other utility benefits	$20,219
Participants costs	$102,352
Avoided disconnection and reconnection costs	$971,164
Transfer of crisis payments to non-participants	$273,915

Review of the Tool

Best Practices

Methodology

- Reviewed other low-income programs through
  - Literature review
  - On-line research
  - Interviews with seven program managers
- Attempted to identify programs that included a bill payment and arrearage forgiveness component

Administration

- With the exception of 2 programs reviewed, the utility administers the program
- One program was in the process of shifting administration from CAAs to utility
- Cost efficiencies cited as the rationale for utility administration

Eligibility

- Verification of ability to pay
  - Households with no income are not eligible and placed in a different program
- Most programs removed for missed payments
  - Several programs did not do this saying they have an affordable bill when they are able to pay
- No programs removed for not meeting non-payment requirements

Monthly Payments and Arrearage Forgiveness

- All but one had a reduction to bill payment often based on an affordability scale
  - Percentage of monthly income
  - Percentage of retail budget bill
  - Average amount paid to utility in prior year
- Arrearage forgiveness varied by:
  - Number of months
  - Frequency

Other Components

- Energy education and financial management unique to the LIP
  - No program reviewed provided energy education
  - One program reviewed offered financial management education
- In-depth case management was also unique to the LIP
- Weatherization required by many programs reviewed

Discussion

APPENDIX K – BUSINESS CASE SUPPORT DOCUMENTS

APPENDIX K.a – BUSINESS CASE PRESENTATION BY WE ENERGIES

WE Energies LIP Cost Study update

1/2011

Agenda

- Original Cost & Benefit Study
- Simplified Original Cost Study
- New Sampling Results
- Updated Cost Analysis
- Escrow Again….
- Questions

Original Study (3/2009) was multi-year life cycle analysis from multiple perspectives

Benefit /Cost Study (3/2009)

		Acc Net PV *	Project years 1	2	3	4	5	6	7
1	We Energies Start up costs								
2	WE Program Admin Costs								
3	Payment to agencies for admin								
4	Arrearage Foregiveness by WE								
5	Bill Shortfall paid by WE								
6	WE Co-payments								
7	Agency Added staff above WE payments								
8	Agency Material costs above WE payments								
9	Other program payments to agencies								
10	Incremental Customer Payments								
11a	Other Participant Benefits								
11b	Other Utility Benefits								
12	Participant Costs								
13	Avoided Dis & Reconnect costs								
14	Transfer of Crisis Payments to others								

* Assumes 7% discount rate

	Utility ratepayer	Participant	TRC	Societal
Benefits				
Costs				
Net Benefit				
B/C Ratio				

Original Study (3/2009) results from the complex analysis

LIP Cost Effectiveness Results : Escrow Accounting Excluded

Test	Benefits	Costs	B/C Ratio
Utility	$2,263,015	$7,655,731	0.3
Participant	$3,787,726	$102,352	37.0
Total Resource Cost (TRC)	$3,025,458	$4,732,800	0.6
Societal	$2,342,016	$4,732,800	0.5

LIP Cost Effectiveness Results : Escrow Accounting Included

Test	Benefits	Costs	B/C Ratio
Utility	$22,763,174	$7,655,731	3.0
Participant	$3,787,726	$102,352	37.0
Total Resource Cost (TRC)	$23,525,617	$4,732,800	5.0
Societal	$2,342,016	$4,732,800	0.5

Simplified Original Cost Study

Initial Cost assumptions

- WE internal program costs (from 3/2009 study) = $363K/yr
- Estimated program participation = 3,000 customers
- Updated estimated of payments to agencies = $450K /yr
- Initial estimates on the added cost “w/o LIP “ program
  - Customer contact costs
  - Disconnect/reconnect costs
  - Positive Id costs
- Usage, payment, and outage pattern assumptions for LIP and w/o LIP programs
  - Initially used 3/2009 study profile for these assumptions

Initial Cost Study results:
LIP has a benefit to cost ratio of 1.09:1

		2011 estimate		LIP vs w/o LIP
		w/ LIP w Agencies	w/o LIP	
WE O&M costs				
WE Program Admin Costs		$362,936	$594,812	($231,876)
Payment to agencies for admin		$450,000	$0	$450,000
Disconnect & Reconnect costs		$0	$402,781	($402,781)
Pos ID Costs		$0	$2,340	($2,340)
Subtotal O&M costs		$812,936	$999,933	($186,997)
WE Uncollectible expense				
Cost of WE Utility Energy Service		$6,450,000	$6,347,920	$102,080
Customer Payments		-$3,885,000	-$3,657,000	($228,000)
Subtotal Uncollectible expense		$2,565,000	$2,690,920	($125,920)
Total Net Costs		$3,377,936	$3,690,853	($312,917)
Net Participants		3,000	3,000	
Cost per Net Participant		$1,125.98	$1,230.28	
Utility Ratepayer Benefit/Cost ratio	1.09			

Update efforts on the LIP Cost assumptions

- Analysis of Sample of LIP and non LIP customer groups
  - Small number of customers randomly selected in each group over multi-year period
- Survey insights on LIP:
  - Customers have more usage
  - Customers have higher payment levels
  - Customers have less customer contact needs
    - Customer service, disconnect, collection and medical needs contacts
    - Self reconnect contacts
    - PSC complaints
  - Customers have less disconnects
- Internal labor assumed reallocation
  - Improved service quality
  - Uncollectible management

Sample showed increased payments achieved with LIP

	Non LIP			LIP			
	$	% of Pymnt	% of Bill	$	% of Pymnt	% of Bill	Difference
Revenue per Customer	$2,486.78			$2,870.78			$384.01
Payments to WE /cust							
- Customer	$782.47	58%	31%	$1,304.43	60%	45%	$521.96
- Assistance	$574.02	42%	23%	$874.53	40%	30%	$300.51
Total Payments	$1,356.48		55%	$2,178.96		76%	$822.47
Uncollectible Exp/cust	$1,130.29			$691.83			-$438.47
# of Payments/cust/yr	3.4			12.0			

Sample Survey showed added Customer interaction requirements for Non LIP customers

	Non LIP	LIP
Calls /customer/yr	11	4
Types of calls		
General Cust Serv	2.9	4
Disconnect calls	5.1	0
Collection/litigation	1.7	0
Medical Condition	1.3	0
Assumed Average call		
(min/cust/call)	15	15
Disconnects /cust/yr	0.8	0

Updated Cost Study Results:
Assuming sample successes, LIP has a benefit to cost ratio of 1.44

Updated 12/2010 Customer Sampling results

		2011 estimate		LIP vs w/o LIP
		w/ LIP w Agencies	w/o LIP	
WE O&M costs				
WE Program Admin Costs		$362,936	$594,812	($231,876)
Payment to agencies for admin		$450,000	$0	$450,000
Disconnect & Reconnect costs		$0	$163,447	($163,447)
Pos ID Costs		$0	$2,340	($2,340)
Subtotal O&M costs		$812,936	$760,599	$52,337
WE Uncollectible expense				
Cost of WE Utility Energy Service		$8,613,000	$7,460,330	$1,152,670
Customer Payments		-$6,537,364	-$4,069,450	($2,467,914)
Subtotal Uncollectible expense		$2,075,636	$3,390,880	($1,315,243)
Total Net Costs		$2,888,572	$4,151,479	($1,262,907)
Net Participants		3,000	3,000	
Cost per Net Participant		$962.86	$1,383.83	
Utility Ratepayer Benefit/Cost ratio	1.44			

Updated Cost Study Results:
Assuming 55% attrition, LIP has a benefit to cost ratio of 1.12

Updated 12/2010 Customer Sampling results with attrition: 55%

		2011 estimate		LIP vs w/o LIP
		w/ LIP w Agencies	w/o LIP	
WE O&M costs				
WE Program Admin Costs		$362,936	$594,812	($231,876)
Payment to agencies for admin		$450,000	$0	$450,000
Disconnect & Reconnect costs		$89,896	$163,447	($73,551)
Pos ID Costs		$0	$2,340	($2,340)
Subtotal O&M costs		$902,832	$760,599	$142,233
WE Uncollectible expense				
Cost of WE Utility Energy Service		$7,979,031	$7,460,330	$518,702
Customer Payments		-$5,180,011	-$4,069,450	($1,110,561)
Subtotal Uncollectible expense		$2,799,020	$3,390,880	($591,860)
Total Net Costs		$3,701,852	$4,151,479	($449,627)
Net Participants		3,000	3,000	
Cost per Net Participant		$1,233.95	$1,383.83	
Utility Ratepayer Benefit/Cost ratio	1.12			

Using the 3/2009 Study findings on retention, the Benefit/Cost ratio would rise as % of Successful customers rise in program

From 3/2009 Study	Retention
Year 1 Remain	45%
Year 2 Remain	25%
Year 3 Remain	19%
Other Years	15%

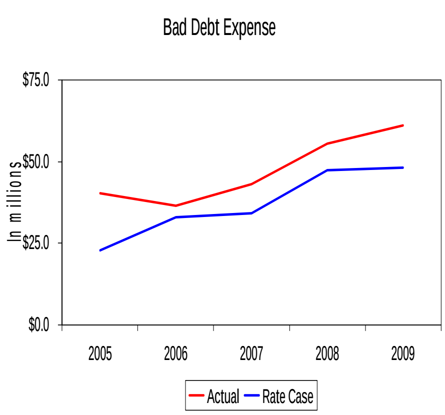
	Success %	B/C Ratio
Year 1	45%	1.12
Year 2	50%	1.14
Year 3	55%	1.16

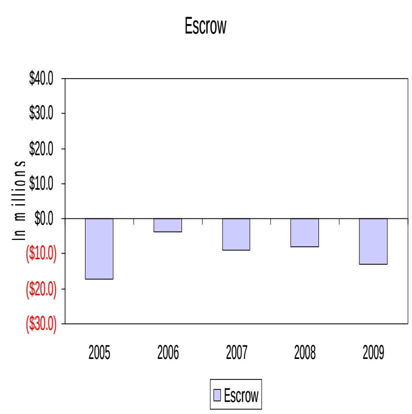
Escrow again …

The level of uncollectible expense has been reduced w/ LIP but variability remains high

	Uncollectible expense	
	w/ LIP	w/o LIP*
Normal Weather	$2,075,636	$3,390,880
+1 Std Dev weather & Natural gas price	$3,113,086	$4,289,489
Variance	$1,037,450	$898,609

Bad Debt Expense & Escrow Accounting





Other large Metropolitan areas recognize uncollectible uncertainty issue

	ELECTRIC		Gas	
	Local Electric Distribution Utility	Bad Debt Def Cost Clause	Gas Distribution	Bad Debt Def Cost Clause
Detroit	Detroit Edison	Yes	Michigan Consolidated Gas	Yes
Cleveland	Cleveland Electric	Yes	Dominion Ohio East	Yes
Buffalo	Niagara Mohawk (National Grid)	?	NYSEG	?
Milwaukee	WEPCo	Yes	WI Gas/WEGO	Yes
St Louis	Ameren Electric	ILLinios yes.	Laclede Gas Company	?
Miami	Florida P&L	No	Florida City Gas	?
Memphis	Memphis Light, Gas & Water Division	?	Memphis Light, Gas & Water Division	?
Cincinnati	Duke Power - Ohio	Yes	Duke Power - Ohio	Yes
Philadelphia	PECO	No	PECO	No
Philadelphia			Philadelphia Gas Works	?
NYC	Con Ed	?	Con Ed	De-coupling
Newark	PSEG	Yes	PSEG	Societal Benefits
Chicago	Commonwealth Edison	Yes	Peoples Gas	Yes

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APPENDIX K.b – BUSINESS CASE PRESENTATION SUPPORTING ANALYSIS

We Energies LIP Cost Study – supporting analysis

3/2011

1

WE Program costs and payments to Agencies

WE Program Costs w/ LIP External		Annual Cost	
EIP assist (e.g., enrollmnt, move monitorng, agency comm.)		$313,794	
Management (e.g., monitoring, reporting, agency follow-up)		$46,488	
Postage		$2,654	
WE Program Costs		$362,936	3/2009 PA Study

Payment to Agencies for admin			
2 Agencies (Payment/net participant)	$100	$300,000	
Fixed payment /agency	$75,000	$150,000	
Waukesha added payment		$0	
Total WE Payments to Agencies		$450,000	2011 Cost est

WE Program Costs w/o LIP External	Annual Cost	Notes
WE Program Costs w/ LIP External	$362,936	
Added call's cost *	$203,310	(6calls/cust x 3000custs x .25hours/call x $45.18/hr)
Added manager support cost **	$28,566	(0.4calls/cust x 3000custs x .5hours/call x $47.61/hr)
WE Program Costs	$594,812	

CS loaded cost for LIP project	**Cost Center**	**2011 Base**	**2011 Benefits @.5161**	**2011 loaded cost**
Customer Consultant -Res- SM business	473LOPR1	29.80	15.38	45.18
EIP consultant	475LOPR2	31.40	16.21	47.61

	# of Calls/cust	Minutes /call
* Added CC Cost/person/disconnect w/o LIP	6	15
** Added Supr cost/person/disconnect w/o LIP	0.4	30

2

3/2009 study assumptions on customer usage and payments

			Cust Pays w/ LIP			Cust pays w/o LIP	
		WE Cost	Annual	one time	Attrition rate	Annual	Arrears*
Avg WE LIP cust energy bill/yr (3/2009 Study)	2006	$2,150	$1,170	$250	50%	$1,170	$49
	2011	$2,150	$1,170	$250	50%	$1,170	$49

* 3/2009 PA Consulting study assumed 5% of unpaid lump sum payment

	E&G Energy Service Costs	
	w/ LIP w Agencies	w/o LIP
E&G Energy Service costs/LIP Customer	$2,150	$2,150
Added outage impact		-$34
Net Energy Service Cost/customer	$2,150	$2,116
# of customers	3,000	3,000
	$6,450,000	$6,347,920

	E&G Energy Service Payments	
	w/ LIP w Agencies	w/o LIP
E&G Energy Service Paymnt/LIP Customer	$1,170	$1,170
Avg added one time paymentt	$125	$49
Net Energy Service Cost/customer	$1,295	$1,219
# of customers	3,000	3,000
	$3,885,000	$3,657,000

3/2009 Study estimated added costs w/o LIP program

	2011 Costs		
	Gas(WEGO)	Gas (WGC)	Elec(WEPCo)
Disconnect	$58.40	$60.39	$32.43
Reconnect	$75.39	$81.25	$32.43
Total Cost			$64.86
# of customers			3,000
# of disconnects & reconnects			2
Subtotal Electric disconnect & reconnect costs			$389,160
Self Reconnect (Requires disc & reconnect)	7%		$13,621
Total Electric disconnect & reconnect costs			$402,781

Added Dis/reconnects w/o LIP (each)	2	
Avoided Pos Id costs *	$0.78	=$2340/yr for 3000 customers

* 3/2009 Study, ID is $0.65 per use and positiveID questions is $1.65 per use. Also, if needed, may do an in-person app ($8 per application). Assume 20% need positive ID, and a 20% subset of those need to do the $8 application

1/2011 Study updated estimated disconnect/reconnect costs for customers not enrolled in program

Updated per unit costs for :		2011 Costs	
	Gas(WEGO)	Gas (WGC)	Elec(WEPCo)
Disconnect	$58.40	$60.39	$32.43
Reconnect	$75.39	$81.25	$32.43
Total Cost			$64.86
# of customers			3,000
# of disconnects & reconnects			0.8
Subtotal Electric disconnect & reconnect costs			$155,664
Self Reconnect (Requires disc & reconnect)	10%		$7,783
Total Electric disconnect & reconnect costs			$163,447
Added Dis/reconnects w/o LIP (each)	0.8		
Avoided Pos Id costs ***	$0.78	=$2340/yr for 3000 customers	

*** 3/2009 Study, ID is $0.65 per use and positiveID questions is $1.65 per use. Also, if needed, may do an in-person app ($8 per application). Assume 20% need positive ID, and a 20% subset of those need to do the $8 application

1/2011 study updated estimated customer usage and payment profile w/ & w o LIP

	E&G Energy Service Costs		Average w/ Attrition
	w/ LIP w Agencies	w/o LIP	
E&G Energy Service costs/LIP Customer	$2,871	$2,487	
Added outage impact			
Net Energy Service Cost/customer	$2,871	$2,487	
# of customers	3,000	3,000	
	$8,613,000	$7,460,330	$7,979,031

	E&G Energy Service Payments		
	w/ LIP w Agencies	w/o LIP	
E&G Energy Service Paymnt/LIP Customer	$2,179	$1,356	
Net Energy Service Cost/customer	$2,179	$1,356	
# of customers	3,000	3,000	
	$6,537,364	$4,069,450	$5,180,011

Sample results: For eligible customers not enrolled in the LIP, the average annual energy bill is $2487/customer and average payment to the utility are 55% of that cost.

Eligible for LIP That Did Not Enroll

#	Name	Billed PER YEAR	LS Number of WHEAP Years	LS Avg WHEAP dollars	LS Total payments (LS revised for annual)	LS Percent payments
1	Customer 1	$ 1,839	7	$532.14	$1,827.61	99%
2	Customer 2	$ 2,584	4	$442.50	$2,226.62	86%
3	Customer 3	$ 3,945	3	$888.67	$2,810.79	71%
4	Customer 4	$ 2,490	3	$1,279.00	$1,575.89	63%
5	Customer 5	$ 464	7	$101.71	$101.71	22%
6	Customer 6	$ 2,176	3	$927.67	$2,229.69	102%
7	Customer 7	$ 738	5	$182.40	$777.42	105%
8	Customer 8	$ 1,746	8	$500.88	$1,708.44	98%
9	Customer 9	$ 1,797	4	$554.75	$970.87	54%
10	Customer 10	$ 2,070	2	$600.50	$946.22	46%
11	Customer 11	$ 2,964	4	$780.00	$2,216.82	75%
12	Customer 12	$ 3,294	3	$462.00	$462.00	14%
13	Customer 13	$ 2,041	11	$682.09	$1,688.92	83%
14	Customer 14	$ 3,864	3	$494.00	$1,151.19	30%
15	Customer 15	$ 1,169	4	$292.75	$322.14	28%
16	Customer 16	$ 1,490	4	$590.75	$713.34	48%
17	Customer 17	$ 4,099	2	$563.50	$1,119.69	27%
18	Customer 18	$ 2,800	2	$440.50	$440.50	16%
19	Customer 19	$ 2,899	3	$0.00	$1,688.42	58%
20	Customer 20	$ 5,267	2	$1,164.50	$2,151.41	41%
	Total	$ 49,736				
	Average	$ 2,487		$574.02	$1,356.48	55%
	Standard Deviation	$ 1,199				

Sample results: For eligible customers enrolled in the LIP, the average annual energy bill is $2871/customer and the average payment to the utility are 76% of that cost.

#	***Enrolled in LIP*** Name	Billed PER YEAR	LS Number of WHEAP Years	LS Avg WHEAP dollars	LS Total payments (LS revised for annual)	LS Percent payments
1	Customer 101	$ 2,701	3	$1,327.00	$2,326.66	86%
2	Customer 102	$ 2,560	3	$940.67	$2,282.93	89%
3	Customer 103	$ 5,117	2	$2,107.00	$4,267.57	83%
4	Customer 104	$ 2,608	3	$503.72	$1,776.92	68%
5	Customer 105	$ 2,575	3	$810.33	$1,967.98	76%
6	Customer 106	$ 2,510	3	$460.00	$1,854.71	74%
7	Customer 107	$ 2,996	3	$520.00	$2,255.66	75%
8	Customer 108	$ 2,567	3	$951.33	$2,380.08	93%
9	Customer 109	$ 3,028	3	$1,022.00	$2,442.13	81%
10	Customer 110	$ 2,948	6	$654.00	$1,755.17	60%
11	Customer 111	$ 3,990	5	$1,451.40	$2,695.51	68%
12	Customer 112	$ 2,559	3	$823.33	$2,040.13	80%
13	Customer 113	$ 2,839	6	$1,062.50	$2,314.76	82%
14	Customer 114	$ 2,749	5	$608.60	$2,030.91	74%
15	Customer 115	$ 3,999	6	$928.50	$2,290.87	57%
16	Customer 116	$ 2,352	2	$1,054.00	$1,781.69	76%
17	Customer 117	$ 1,336	2	$652.00	$1,404.60	105%
18	Customer 118	$ 2,869	1	$240.00	$2,067.25	72%
19	Customer 119	$ 2,242	3	$499.67	$1,464.65	65%
	Total	$ 54,545				
	Average	$ 2,871		$874.53	$2,178.96	76%
	Standard Deviation	$ 791				

APPENDIX L – ESCROW ACCOUNTING PRESENTAITON

Escrow Accounting

October 19, 2010

What is escrow accounting?

- Escrow accounting is a unique accounting method that can be authorized for regulated companies.
- It is sometimes referred to as deferral accounting.
- Because of escrow accounting, the utility expenses the amount provided in rate recovery – whether or not fully incurred.
- Any differences between actual results and the amount provided in rate recovery is recorded on the balance sheet for inclusion in the next rate case

How does it work?

- For example: The utility is provided $100 in rate recovery for residential bad debts.
  - Under traditional recovery methods the utility would be harmed when bad debt expense is above $100 and would benefit when bad debt expense is under $100. The opposite is true for the customer.
  - Under escrow accounting neither the utility nor the customer are harmed. The utility would show $100 of expense. Any bad debt expense greater than $100 would be deferred for future recovery from customers and any bad debt expense less than $100 would be deferred for future refund to customers. (However see risk in downside coming up)

When would it be used?

- There are two areas that escrow accounting has been used.
  - Areas to make sure the money is spent to avoid game playing.
    - Example – Conservation Spending
  - Areas which are difficult to predict and are outside the utilities control
    - Examples - Transmission accounting (first few years) and Bad Debt Expense

What are the benefits of escrow accounting?

- Ensures all rate case dollars are spent on the specific item
- Adds stability in an area of uncertainty
- Predictable
- Stabilize cost recovery by matching actual expenses to recovered expenses

What are the downsides of escrow accounting?

- If not managed properly could lead to improper allocation of resources.
- PSCW concern that shareholders benefit at the risk of ratepayers
  - Example - Company stopping/reducing collection work – save O&M and let the bad debt go to escrow.

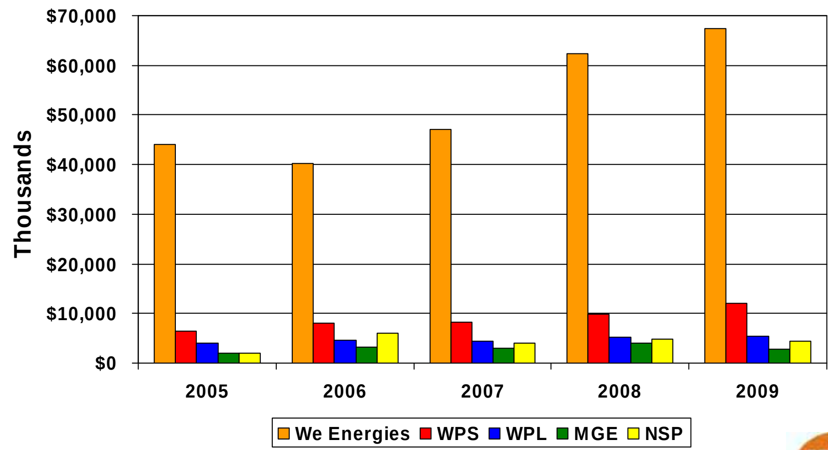
Key Factors Needed for Escrow

- Bad Debt expense is uncertain and significant
- Collections need to be managed aggressively.

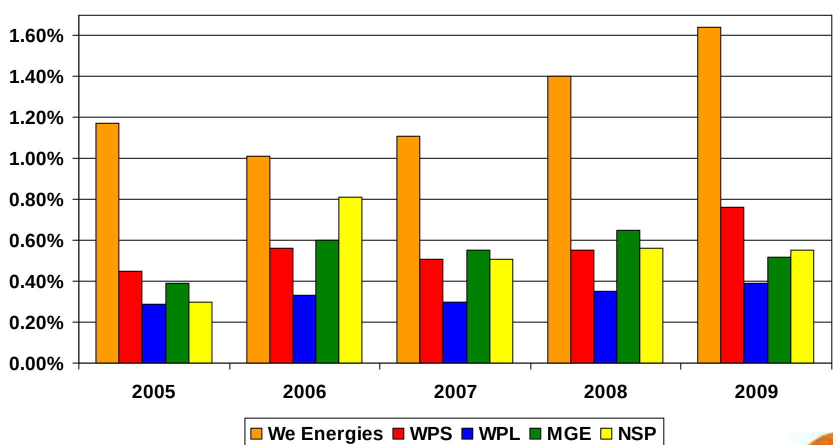
Why is bad debt expense uncertain at We Energies?

- Service territory has most of the same variables –
  - Weather swings
  - Natural gas price changes
  - Changes in energy assistance
- Big difference is the economic condition

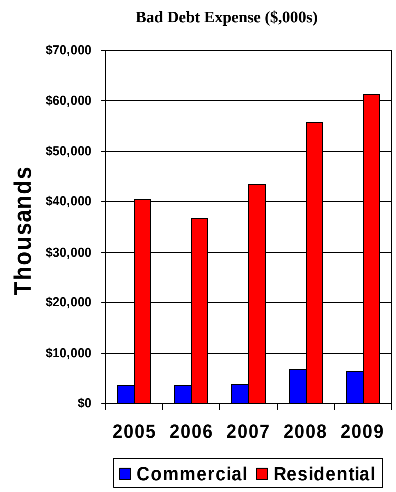
Bad Debt Expense Comparison

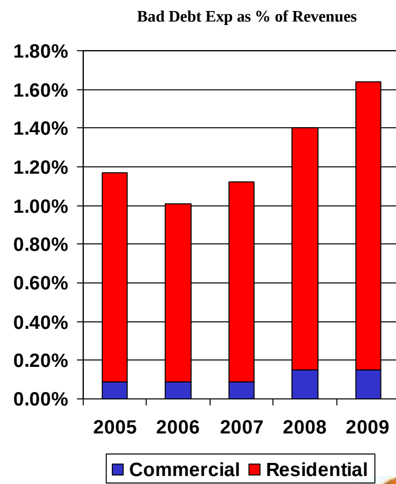


Bad Debt as a percentage of Revenue



We Energies Residential and Commercial Bad Debt Breakdown





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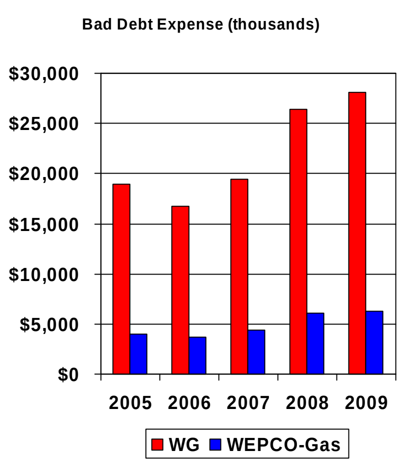
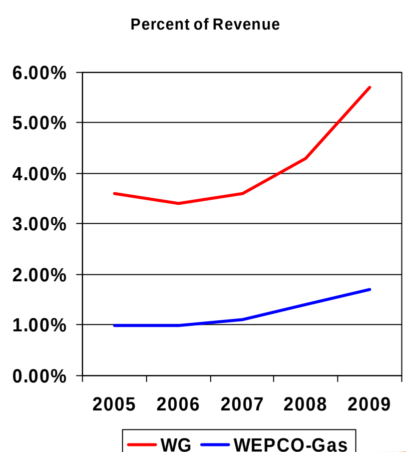
Wisconsin Electric – Gas and Wisconsin Gas Residential Bad Debt Breakdown





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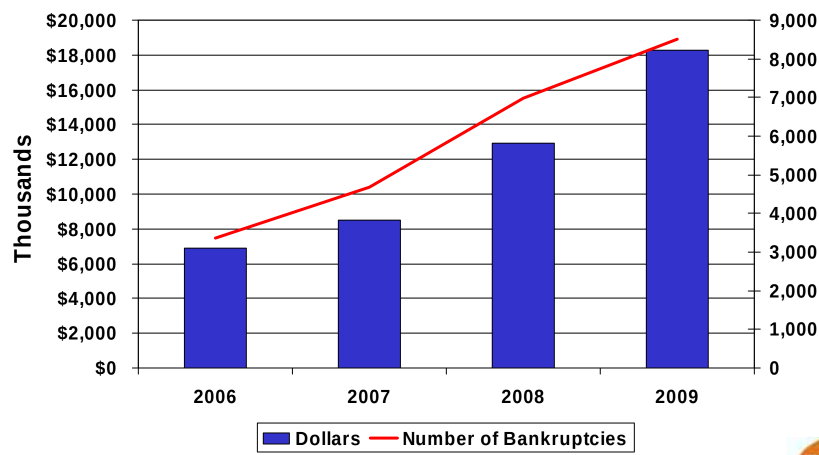
More Uncertainty



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How does We Energies manage escrow accounting and bad debts?

- Escrow accounting is done by the Accounting group.
- Operations manage accounts receivable as if there was no bad debt escrow accounting:
  - Weekly Operations meetings
  - Weekly Executive updates
  - Quarterly Office of the Chairman updates
  - Quarterly Board of Directors updates

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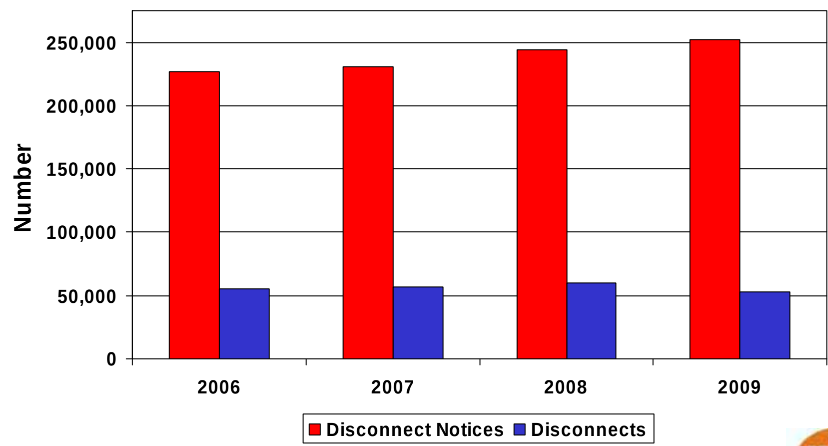
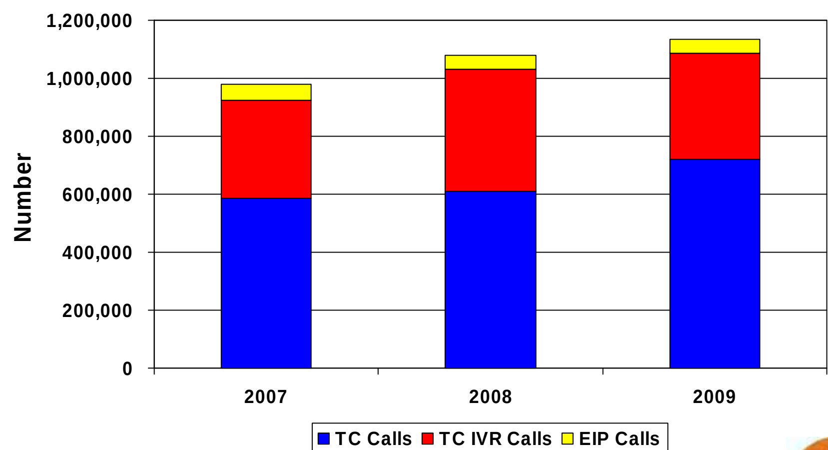
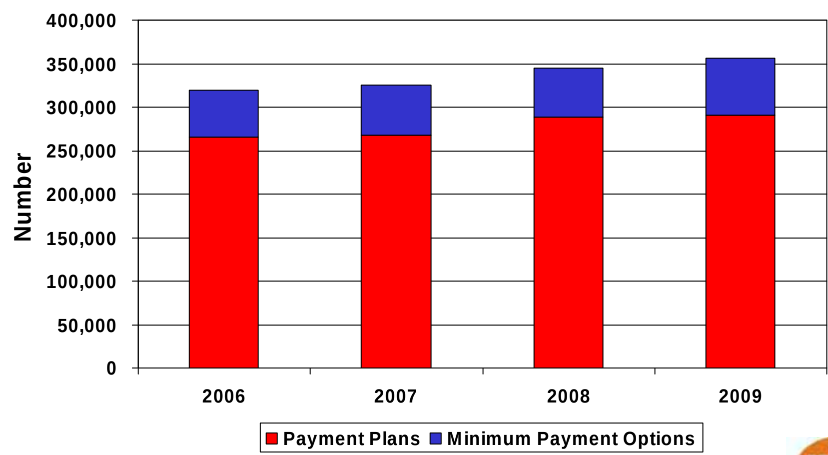
The Disconnects…



The Calls…



Pay Plans….



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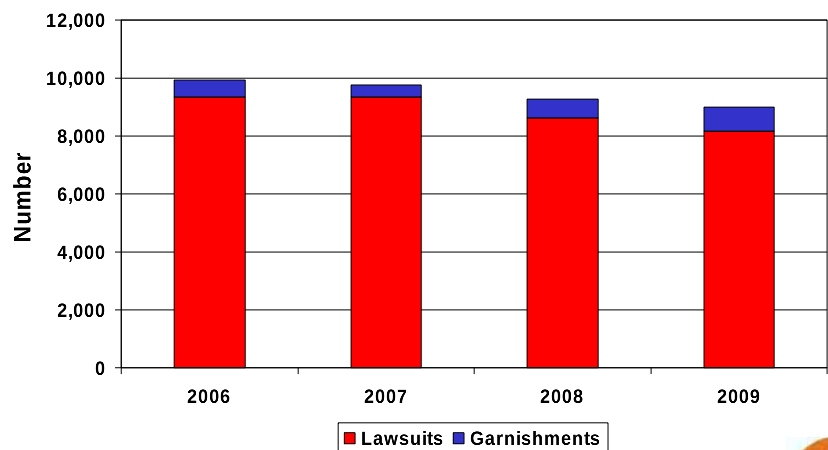
Legal actions…



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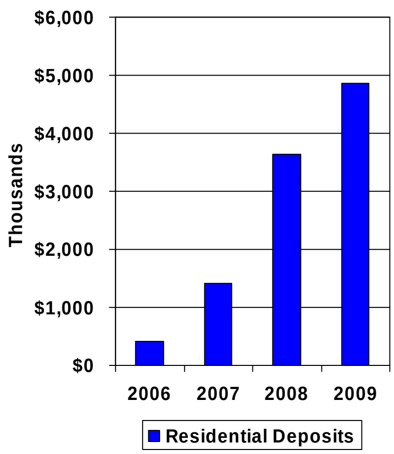
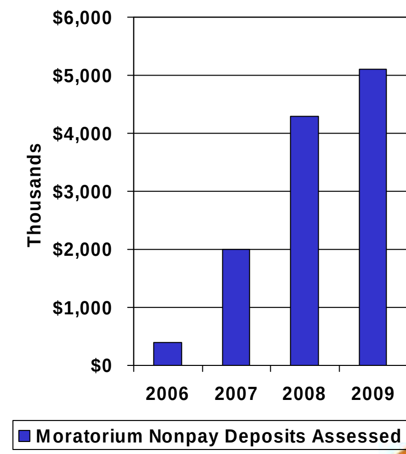
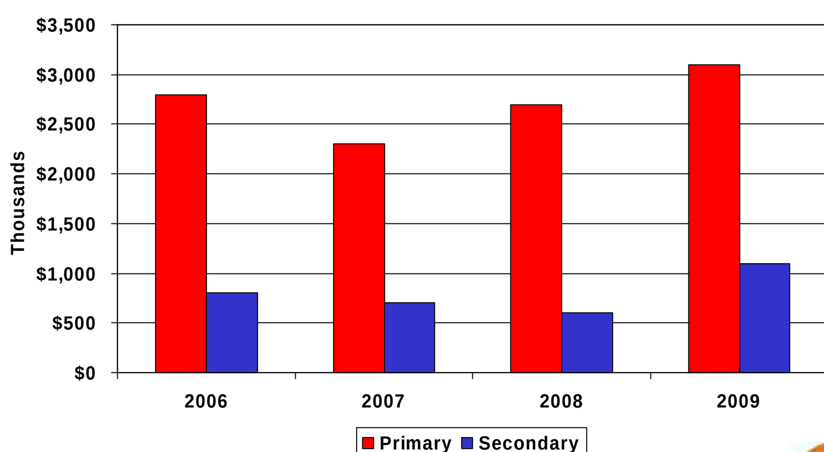
Moratorium….





Collection agencies….



Continuous Improvement….

1. Developed concept of minimum payment option in 2005, which allows a customer who has an active disconnection notice to pay a pre-determined percentage of arrears (between 30-60%) to avoid disconnection for that month (please note that pay plan down payments start at 60%). The customer still pays late payment charges and any applicable negative credit bureau reporting. The concept is now being used by other utilities in the state.
2. Leveraged Nexidia (voice analytics tool) to review large volumes of telecollections calls and identify opportunities and implement operational tactics to reduce call time. As a result of the changes, we reduced the average handle time of a telecollections call by 15% and increased throughput (or the number of calls taken) by 18% from 2008 to 2009.

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Continuous Improvement….

3. MNP deposit warning letters (gives customers information upfront about how to avoid a deposit being assessed to their account).
4. Pursue our right to adequate assurance deposits on all eligible bankruptcies filed.
5. Moved threshold in 2010 from greater than 61 days in arrears to greater than 31 days, resulting in a disconnection notices being sent on arrears a month younger than they were historically.
6. Placed a limit on the number of pay plans offered to a customer prior to disconnection.
7. Aligned 21 day extension guidelines with that of code to decrease the number of unwarranted extensions.

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Continuous Improvement….

8. Automated re-read investigations orders to quickly identify possible theft shortly after self reconnection occurs.
9. Resource planning to ensure disconnection orders are worked thereby eliminating disconnection notification as in idle threat.
10. Escalated NSF process to pursue customers that use an NSF check to avoid disconnection or to have service reconnected.

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Summary

- Escrow is used for areas of uncertainty.
- We Energies service territory is unique with the economic characteristics that creates uncertainty.
- We Energies operation are managed aggressively as if no escrow accounting existed.

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APPENDIX M – WEATHERIZATION PRESENTATION BY WISCONSIN DEPARTMENT OF ADMINSITRATION

WISCONSIN WEATHERIZATION PROGRAM

www.homeenergyplus.wi.gov

OVERVIEW

Low Income Task Force

November 2010

homeenergy+

Wisconsin Weatherization Assistance Program
Funding Components

- Department of Energy (DOE) Weatherization Program
- Low Income Home Energy Assistance Program (LIHEAP) Federal Block Grant (15% by statute)
- State Low Income Public Benefits Funds

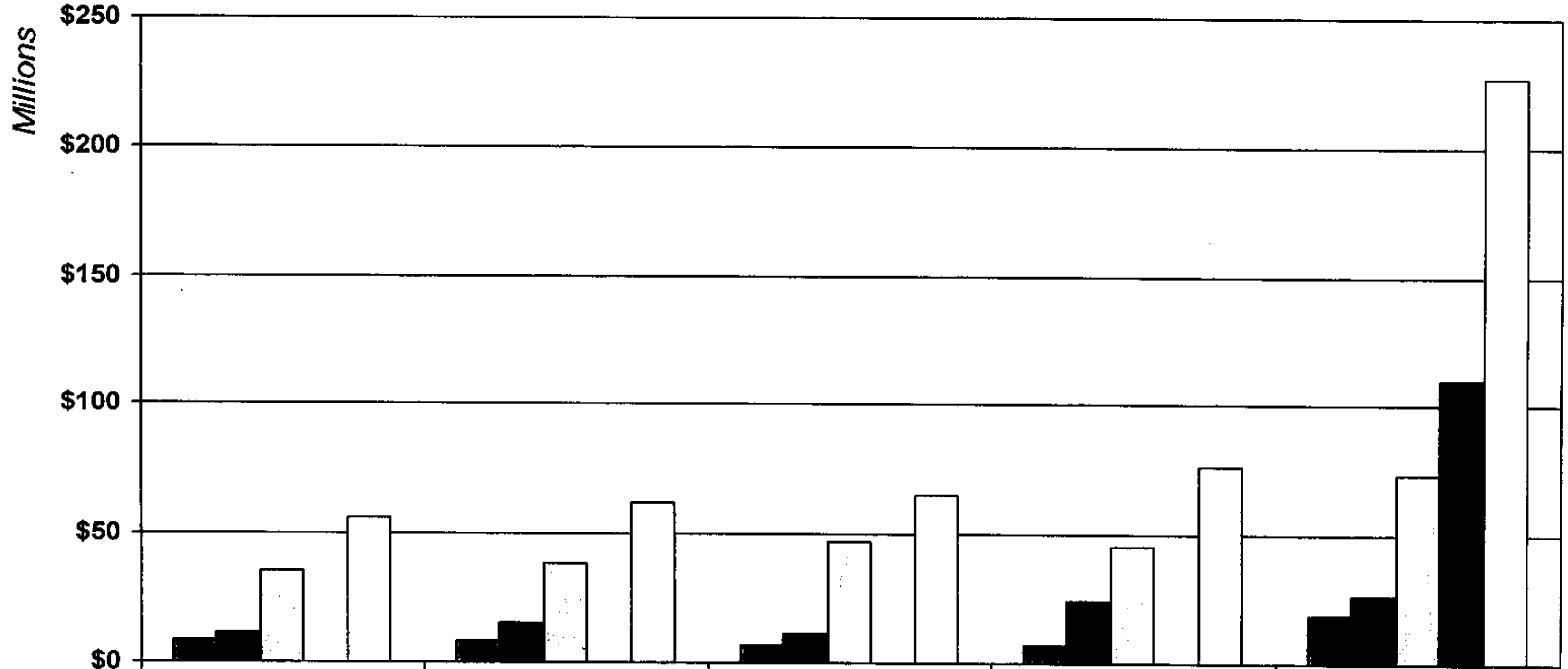
Wisconsin Weatherization Assistance Program

- 22 Contracts
- 21 Local Grantees
- $227,529,564 Million Allocated to Local Grantees July 1, 2009- June 30, 2011
- $76,388,567 Million Allocated to Local Grantees July 1, 2008- June 30, 2009
- 10,610 Homes weatherized using ARRA funds since July 1, 2009- Sept. 30, 2010

Frequently Installed WX Measures

- Energy Efficient Lighting Upgrade
- Hot Water Conservation Measures
- Air Sealing
- Energy Efficient Heating System Modifications
- (not replacement)
- Attic Insulation

Wisconsin Weatherization Assistance Program
Grantee Allocation Comparison SFY 2006 - 2011 (partial)



	SFY 06	SFY 07	SFY 08	SFY 09	* SFY 10 & 11
DOE	$8,628,093	$7,974,471	$6,633,483	$6,995,009	$19,195,728
Energy Assistance	$11,647,859	$15,184,886	$11,550,777	$24,335,080	$26,010,523
Public Benefits	$35,105,609	$38,530,986	$46,521,372	$45,058,478	$72,668,121
ARRA					$109,655,192
Total	$55,381,561	$61,690,343	$64,705,632	$76,388,567	$227,529,564

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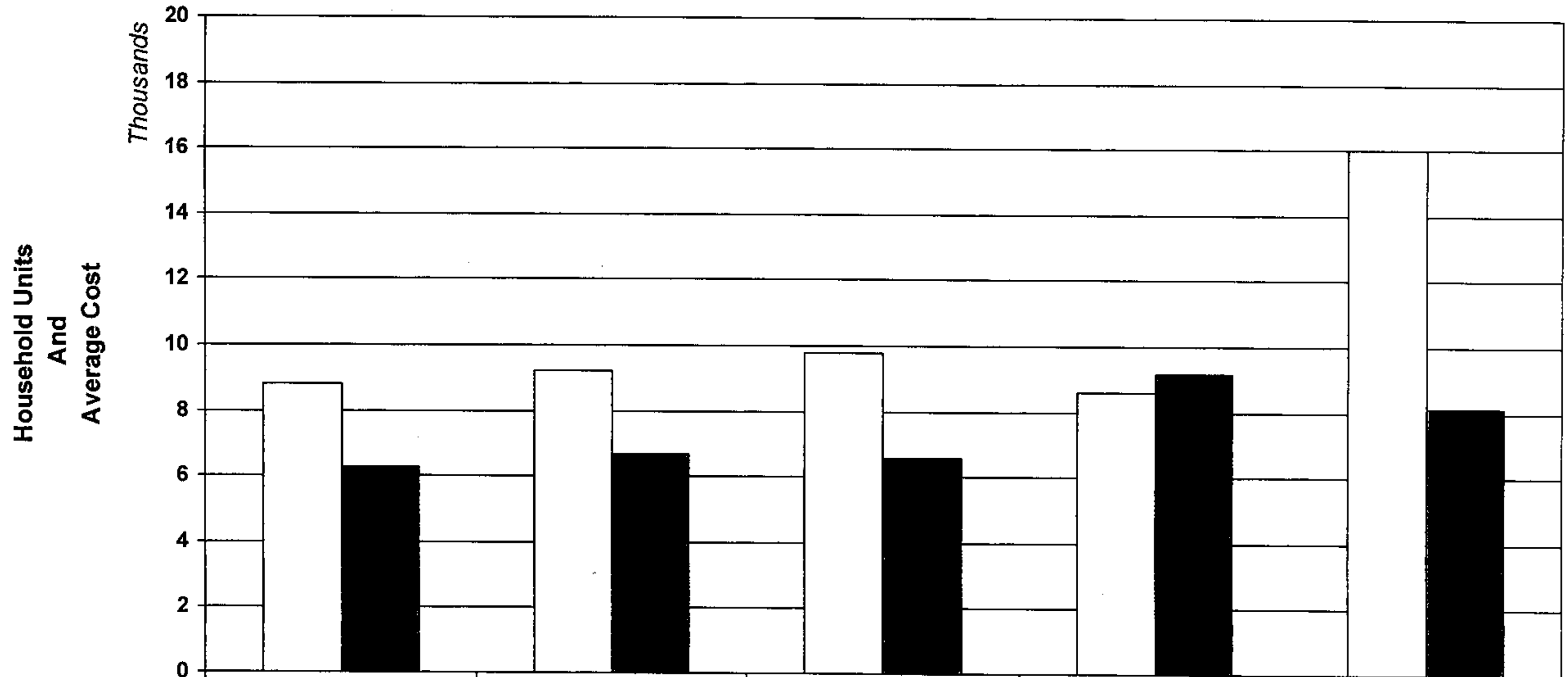
Wisconsin Weatherization Assistance Program
Current Household Unit Production State Fiscal Years 2006 - 2011 (partial)



	SFY 06	SFY 07	SFY 08	SFY 09	* SFY 10 & 11
□ Unit Count	8,833	9,223	9,783	8,599	16,032
■ Average Cost	$6,248	$6,699	$6,591	$9,185	$8,147

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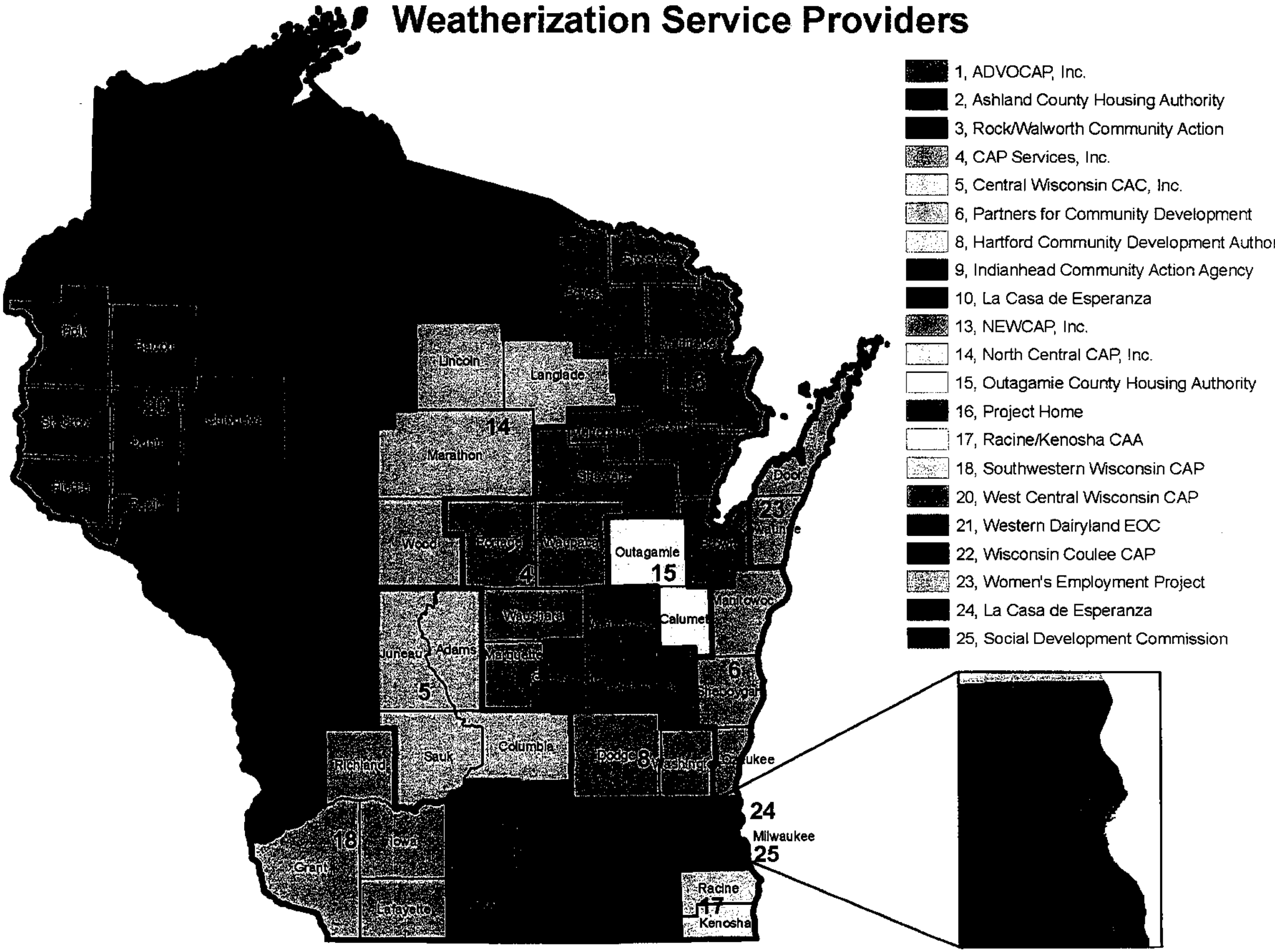
Wisconsin Weatherization Assistance Program (WisWAP)
Non-ARRA and ARRA Planned Contract Units vs. Actual Production
July 1, 2009 to September 30, 2010

	Non-ARRA Units			ARRA Units			Total Units		
Grantee Name	Planned	Completed	%Completed	Planned	Completed	%Completed	Planned	Completed	%Completed
ADVOCAP, Inc.	292	225	77%	436	287	66%	728	512	70%
Ashland Co. Housing Authority	268	207	77%	470	542	115%	738	749	101%
CAP Services, Inc.	207	183	88%	378	340	90%	585	523	89%
Central WI Community Action Council	184	243	132%	388	284	73%	572	527	92%
Hartford Comm Development Authority	133	105	79%	275	291	106%	408	396	97%
Indianhead Community Action Agency	235	233	99%	492	553	112%	727	786	108%
La Casa de Esperanza	530	463	87%	953	603	63%	1,483	1,066	72%
La Casa de Esperanza - MILW	507	444	88%	1,346	869	65%	1,853	1,313	71%
NEWCAP, INC.	467	474	101%	981	928	95%	1,448	1,402	97%
North Central CAP, Inc.	319	274	86%	600	524	87%	919	798	87%
Partners For Community Dev.	221	184	83%	460	497	108%	681	681	100%
Project Home, Inc.	555	454	82%	1,058	842	80%	1,613	1,296	80%
Racine/Kenosha CAA	348	326	94%	545	423	78%	893	749	84%
Rock/Walworth Comm. Action	261	202	77%	455	432	95%	716	634	89%
Social Development Commission	425	418	98%	1,315	1,243	95%	1,740	1,661	95%
Southwestern Wisconsin CAP	156	137	88%	278	286	103%	434	423	97%
Weatherization Services - OCHA	152	136	89%	266	226	85%	418	362	87%
West Central Wisconsin CAP	369	281	76%	540	307	57%	909	588	65%
Western Dairyland EOC Inc	227	170	75%	456	426	93%	683	596	87%
Wisconsin Coulee CAP	298	221	74%	758	465	61%	1,056	686	65%
Women's Employment Project	49	42	86%	128	136	106%	177	178	101%
Eppstein Uhen Architects, Inc. (DOA Multifamily)	n/a	n/a	0%	52	52	100%	52	52	100%
Mudrovich Architects (DOA Multifamily)	n/a	n/a	0%	54	54	100%	54	54	100%
Total	6,203	5,422	87%	12,684	10,610	84%	18,887	16,032	85%

Definitions
Planned: Contract to date number of units planned to be completed per the Agency's contract, as revised.
Completed: Contract to date number of units actually completed and fully invoiced.
Note: DOA Multifamily units are not planned by month, but rather over the life of the contract. Consequently, planned units herein are reported as the completed unit total.

Source: WisWAP
10152010

Weatherization Service Providers



Company #	Company	Name	Director/Manager	Phone	Email Address
1	ADVOCAP Inc	Steve Williams	Program Director	(920) 426-0150 x3265	stevew@advocap.org
2	Ashland Co Housing Authority	Neil Deering	Program Director	(715) 274-8311	neildeering@centurytel.net
3	Comm Action Rock/Walworth	John Livick	Program Manager	(608) 359-1122	jlivick@community-action.org
4	CAP Services Inc	Tom Loomis	Program Director	(715) 343-7143	tloomis@capmail.org
5	Central Wisconsin CAC Inc	Chris Utley	Program Director	(608) 254-8353 x237	chris@cwcac.org
6	Partners For Comm Dev Inc	Daniel Wolf	Program Director	(920) 459-9881 x108	dan.wolf@partners4cd.com
8	Hartford Comm Dev Auth	Tim Clarenbach	Program Director	(262) 673-8215	tclarenbach@ci.hartford.wi.us
9	Indianhead CAA	Sally Schrader	Program Director	(715) 532-5594 x155	sallys@indianheadcaa.org
10	La Casa de Esperanza Inc	Gary Gorlen	Program Director	(262) 522-4062	ggorlen@lacasadeesperanza.org
13	NEWCAP Inc	David Templeton	Program Director	(920) 834-4621 x1130	davetempleton@newcap.org
14	North Central CAP Inc	Pamela Glynn	Program Director	(715) 424-2581	pamnccap@solarus.net
15	Weatherization Services	Hoss Hosmer	Program Director	(920) 731-7566	hhosmer@outagamiehousing.us
16	Project Home Inc	Janis Reek	Program Director	(608) 246-3737 x2101	janr@projecthomewi.org
17	Racine/Kenosha CAA	Larry Stickney	Program Director	(262) 898-8039 x223	lstickney@rkcaa.org
18	SW WI CAP	Phyllis Novinskie	Program Director	(608) 943-6909 x223	p.novinskie@swcap.org
20	West CAP	Kenneth Peterson	Program Director	(715) 265-4271 x325	kpeterson@wcap.org
21	Western Dairyland EOC Inc	Michael Canaday	Program Director	(715) 985-2391 x221	mcanaday@westerndairyland.org
22	Couleecap Inc	Lee Hoss	Program Manager	(608) 606-0258	leon.hoss@couleecap.org
23	Womens Employment Project Inc	Chris Chase	Program Manager	(920) 743-7273 x118	cchase@wepinc.org
24	La Casa De Esperanza (City of Milwaukee)	Gary Gorlen	Program Director	(262) 522-4062	ggorlen@lacasadeesperanza.org
25	Social Development Commission	James Gambon	Program Director	(414) 344-9010 x1702	jgambon@cr-sdc.org

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APPENDIX N – WEATHERIZATION PRESENTATION BY WISCAP

A BRIEF HISTORY OF THE WEATHERIZATION PROGRAM

LOW-INCOME TASK FORCE – NOVEMBER 2010

"... the leading object of government is to lift artificial weights from all shoulders ... to afford all, an unfettered start, and a fair chance, in the race of life."
Abraham Lincoln

"THE WEATHERIZATION ASSISTANCE PROGRAM REDUCES HEATING AND COOLING COSTS FOR LOW-INCOME FAMILIES – PARTICULARLY FOR THE ELDERLY, PEOPLE WITH DISABILITIES, AND CHILDREN – BY IMPROVING THE ENERGY EFFICIENCY OF THEIR HOMES WHILE ENSURING THEIR HEALTH AND SAFETY."

- CREATED IN 1976
- TITLE IV, PART A OF THE ENERGY CONSERVATION AND PRODUCTION ACT OF 1976
- BETWEEN 1979-1982, TOTAL FUNDING FROM DOE; LOCAL AGENCY SERVICE DELIVERY SUPPLEMENTED BY USE OF LABOR THROUGH COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA).

- 1982: PASSAGE OF OMNIBUS RECONCILIATION ACT OF 1982 AND CREATION OF LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) BLOCK GRANT.
- LIHEAP PROVIDES FOR UP TO 15% OF FUNDS TO WEATHERIZATION

- PASSAGE OF GRAHAM-RUDMAN-HOLLINS ACT IN 1987 CAUSED MAJOR CUTS IN FEDERAL BUDGET, INCLUDING LIHEAP AND WEATHERIZATION
- DOE COMPENSATED – SOMEWHAT – THRU OIL OVERCHARGE LAWSUITS WITH MAJOR AMERICAN OIL COMPANIES
- FUNDS DISTRIBUTED TO STATES TO BE USED TO FUND ENERGY CONSERVATION

- CONSISTENT STATE COMMITMENT TO ENERGY EFFICIENCY, LOW-INCOME
- MID-90'S: ISSUE WAS DEREGULATION
- WISCONSIN TOOK 'GO SLOW' APPROACH; GROUNDWORK FOR CHANGES <u>BEFORE</u> MAKING DECISIONS
- COMMITMENT TO PROTECT ENERGY EFFICIENCY – INCLUDING LOW-INCOME – IN A DEREGULATED ENVIRONMENT

- PROBLEMS WITH RELIABILITY IN LATE '90s CHANGED DYNAMIC; DEREGULATION WAS PUT ON HOLD
- PUBLIC BENEFITS WEDDED TO RELIABILITY LEGISLATION
- PASSED IN BUDGET BILL 2000; WENT INTO EFFECT IN JULY OF 2001

- 3 IMPORTANT POLICY DESIGNS IN LOW-INCOME PUBLIC BENEFITS; MAKING IT UNIQUE TO STATE AND NATION:

1. GROWTH IN WEATHERIZATION; 4-FOLD COMPARED TO PRE-PUBLIC BENEFITS;
2. NEEDS FORMULA; DESIGNED TO NOT LOSE GROUND TO INFLATION, FEDERAL CUTS
3. FLEXIBILITY; FREE OF FEDERAL RESTRAINTS

- FEBRUARY 2009, PRESIDENT OBAMA SIGNED INTO LAW AMERICAN RECOVER AND REINVESTMENT ACT (ARRA)
- ARRA DOUBLES WEATHERIZATION FUNDING IN WISCONSIN; $141M THROUGH MARCH 2012
- CREATES OVER 850 JOBS IN PROGRAM

SINCE INCEPTION OF WAP:

- OVER 6.2 MILLION HOMES WEATHERIZED
- AVERAGE OF 30.5 Mbtu OF ENERGY PER HOUSEHOLD SAVED; 23% REDUCTION
- LOW-INCOME FAMILIES SAVE ANNUALLY AN AVERAGE OF $350 IN ENERGY COSTS
- EVERY $1 INVESTED RETURNS $2.73 IN RELATED BENEFITS
- REDUCES NATIONAL ENERGY DEMAND BY EQUIVALENT OF 18 MILLION BARRELS OF OIL PER YEAR

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APPENDIX O – BEST PRACTICES REPORT

Energy Assistance

An Exploration of Solutions to Low-Income Populations' Energy Needs

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COMMUNITY ADVOCATES
Public Policy
Institute

Prepared For: Low Income Pilot Task Force

i. TABLE OF CONTENTS

ii. EXECUTIVE SUMMARY

In September of 2010, a task force, consisting of We Energies employees, Public Service Commission of Wisconsin staff, and community agency stakeholders, was convened to evaluate the challenge of the Public Service Commission's decision to end the We Energies Low Income Pilot (LIP), which has helped thousands of low-income Milwaukee and Waukesha County customers move towards self-sufficiency.

There are four essential issues that low-income energy assistance programs target: customer payments, customer arrearages, customer usage, and disconnects.

A survey of energy assistance programs around the country reveals that there are several policy approaches to each issue. Governments (federal, state, and local) provide shutoff moratoriums, bill assistance, loans, weatherization programs, emergency relief/assistance, tax rebates and credits, homelessness prevention programs, and establish funds to provide financial assistance to individuals and organizations. Utilities provide in-home audits and weatherization, bill assistance, bill credits and discounts, and education programs; accept donations (from customers, shareholders, employees and private sources) to establish funds for assistance efforts; match donations to funds; and create holistic programs (like the We Energies Low Income Pilot). Community organizations, and partnerships of governments, utilities, and community organizations, offer varying levels of the types of assistance programs.

A case study of the American Community Survey's five poorest cities in America (Detroit, Cleveland, Buffalo, Milwaukee and St. Louis) reveals that low-income Milwaukeeans must rely more on the utility for assistance than the other assistance sources. A comparable level of service is available in Buffalo and St. Louis, with Milwaukee exhibiting a higher level of community assistance in part because of the LIP's partnership with community service agencies. In Cleveland, the state provides a percentage of income payment plan (PIPP), which allows the other sources to provide a low level of assistance. In Detroit, the level of assistance available from any source is lackluster. When compared to the other cities, the level of service available to Milwaukee's low-income population receives a high rating.

Best practices in the energy assistance field should influence the program and components proposed by the Task Force. There is no single "best program," but there is a collection of good ideas that could be melded together to form a "best program." The Task Force should propose a modified LIP that preserves the components of the LIP that are sound (forgiveness tied to payments, require participants to receive LIHEAP), and continues community agency involvement, follows state LIHEAP eligibility criteria, provides initial in-home audits (with a weatherization component), continues the education component (but pilot different types of education), drastically expands enrollment cap and potentially the enrollment period as pragmatic, and includes enrolling participants in other assistance programs available to them.

Additionally, the Task Force must be aware of the Public Service Commission's concerns, and be ready with a stopgap measure if the proposal is rejected. The Task Force stakeholders should also continue its open dialogue (perhaps a monthly meeting) about the program that is created and other needs of the Milwaukee-area at-risk population. The stakeholders should explore encouraging and facilitating legislative fixes to improve the situation of the Milwaukee-area at-risk population. The Task Force should also consider proposing a permanent program that has some components as pilots. It should be prepared to justify every piece of the program.

There is no discernable best practice to comprehensively address the energy needs of at-risk populations. Outside of the Task Force's mission, another dialogue should begin about creating a comprehensive program with a tailored approach that includes an enrollment system that enrolls participants in all public assistance programs for which they qualify, evaluates the needs of the participants with an in-home approach, and provides the benefits that will be useful to the participant from a benefits matrix administered by the government, utilities, and community organizations.

1. INTRODUCTION

For four years, We Energies has operated an arrearage forgiveness and bill-payment pilot program, the Low Income Pilot (LIP). The LIP has allowed thousands of low-income Milwaukee area customers to afford and continue having WE Energies services. To accomplish this, the LIP includes discounted billing, arrears forgiveness, allowance for limited payment failure, energy and personal finance education, and case management when households fail to fulfill requirements.

On April 15, 2011, the LIP will end as it exists today. The education components of the program were ordered to end immediately, and a task force has been convened to "Evaluate issues related to the ability of low income residents to stay connected and to pay their energy bills; Develop recommendations to address these issues; Propose the recommendations to the PSC for approval to move forward; and, Develop an action plan to carry out approved recommendations."[6]

Many of the stakeholders use the term "energy assistance" to refer to the federal Low-Income Home Energy Assistance Program (LIHEAP). However, in the context of this report, the term "energy assistance" refers generally to the programs that provide help of any kind to low-income and other at-risk populations.

Among these programs are a variety of approaches to the four issues that face low-income and other at-risk We Energies customers: payments, arrearages, usage, and disconnects.

Before the Low Income Task Force and We Energies make proposals to the Public Service Commission of Wisconsin, it is imperative that members of Task Force consider the policy developments in other states and the innovative body of knowledge from academia and think tanks on how to address the energy needs of low-income populations. This report presents and analyzes the alternative solutions already in practice in other states, studies the lot of low-income assistance programs in America's five poorest cities, and examines proposals and best practices from academia and energy think tanks.

[6] Letter to Stakeholders from Shafer and Shenot, 9/21/2010

2. RESEARCH METHOD AND SOURCES

The preparation of this report relied on first-person interviews and correspondence with energy policy experts and a review of energy assistance literature. Wherever possible, this report quotes and cites the original source. Frequently cited sources include:

- The LIHEAP Clearinghouse (http://liheap.ncat.org), which maintains a database of energy assistance programs. The LIHEAP Clearinghouse is operated by the National Center for Appropriate Technology (NCAT), which is funded by a training and technical assistance contract from the U.S. Department of Health and Human Services (HHS).
- The Edison Electric Institute (http://www.eei.org), which is an association of shareholder-owned electric companies, operates a database of utility programs for low-income customers.
- The Applied Public Policy Research Institute for Study and Evaluation (http://www.appriseinc.org), which specializes in energy policy.
- The National Low Income Energy Consortium (http://nliec.org/)
- The National Energy and Utility Affordability Conferences from 2008-2010 (http://www.neuac.org).

Full citations can be found in the footnotes throughout the report.

3. TYPES OF PROGRAMS

Governments, utilities, community organizations and partnerships of the above have created a myriad of programs to address the issue of low-income energy customers (payments, arrearages and usage).[7]

3.1 – GOVERNMENT PROGRAMS

State and municipal governments have created multiple methods of addressing the issue of low-income energy customers as supplements and compliments to the federally funded state-operated LIHEAP programs. Some states have mandated that utilities have bill assistance programs, while others have established them as government programs. Many states, including Wisconsin, have established shutoff moratoriums that vary by date and outdoor temperature. States have also created state weatherization programs, and have established loan programs and energy assistance funds. Finally, some states have also used general assistance funds for low-income energy assistance, mandated that utilities provide discounts to customers with disabilities and the elderly.

FEDERAL GOVERNMENT PROGRAMS

LIHEAP

According to the Congressional Research Service, "The Low Income Home Energy Assistance program (LIHEAP), established in 1981 as part of the Omnibus Budget Reconciliation Act (P.L. 97-35), is a block grant program under which the federal government makes annual grants to states, tribes, and territories to operate home energy assistance programs for low-income households. The LIHEAP statute authorizes two types of funds: regular funds, which are allocated to all states using a statutory formula, and emergency contingency funds, which are allocated to one or more states at the discretion of the Administration in cases of emergency as defined by the LIHEAP statute. States may use LIHEAP funds to help households pay for heating and cooling costs, for crisis assistance, weatherization assistance, and services (such as counseling) to reduce the need for energy assistance. According to the most recent data available from the Department of Health and Human Services (HHS), in FY2006, 49.6% of funds went to pay for heating assistance, 3.6% of funds was used for cooling aid, 17.8% of funds went to crisis assistance, and 10.0% was used for weatherization. The LIHEAP statute establishes federal eligibility for households with incomes at or below 150% of poverty or 60% of state median income, whichever is higher, although states may set lower limits. However, in both the FY2009 and FY2010 appropriations acts, Congress gave states the authority to raise their LIHEAP eligibility standards to 75% of state median income. In FY2008, the most recent year for which HHS data are available, an estimated 33.5 million households were eligible for LIHEAP under the federal statutory guidelines. According to HHS, 5.4 million households received heating or winter crisis assistance and approximately 600,000 households received cooling assistance that same year."[8] The disparity between the number of households eligible and the number of households receiving aid begs the question of whether increasing LIHEAP amounts would decrease the demand for other energy assistance programs.

Weatherization

According to the United States Department of Energy, "The Weatherization Assistance Program (WAP) enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. Funds are used to improve the energy performance of dwellings of needy families using the most advanced technologies and testing protocols available in the housing industry. The U.S. Department of Energy (DOE) provides funding to states, U.S. overseas territories, and Indian tribal governments, which manage the day-to-day details of the program. These governments, in turn, fund a network of local community action agencies,

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[7] This section should not be treated as a comprehensive list of low-income energy assistance programs. It represents a survey of low-income energy assistance programs included in the Edison Energy Institute, the LIHEAP Clearinghouse databases, and other sources.

[8] Perl, Libby. "The Low Income Home Energy Assistance Program (LIHEAP): Program and Funding." Congressional Research Service. 28 September 2010.

nonprofit organizations, and local governments that provide these weatherization services in every state, the District of Columbia, U.S. territories, and among Native American tribes. The energy conservation resulting from these efforts of state and local agencies helps our country reduce its dependence on foreign oil and decrease the cost of energy for families in need while improving the health and safety of their homes. During the past 33 years, WAP has provided weatherization services to more than 6.4 million low-income households. Families receiving weatherization services see their annual energy bills reduced by an average of about $437, depending on fuel prices. Because the energy improvements that make up weatherization services are long lived, the savings add up over time to substantial benefits for weatherization clients and their communities, and the nation as a whole."[9]

Loans

The United States Department of Agriculture (USDA) offers a loan program "to very low-income rural residents who own and occupy a dwelling in need of repairs. Funds are available for repairs to improve or modernize a home, or to remove health and safety hazards. This loan is a 1% loan that may be repaid over a 20-year period." Loan amounts go up to $20,000. States also offers supplementary grants for the same purposes, which can be combined with other state loans.[10]

Table 3-1 below shows whether federal programs address the four policy problems.

Table 3-1.

Federal Programs	Payments	Arrearages	Usage	Shutoff
LIHEAP	X			
WAP	X		X	
Loans	X		X	

STATE GOVERNMENT PROGRAMS

States obviously vary in the type and level of assistance offered to low-income residents. This is due to many factors including the political viability of state-established energy assistance programs, geography and climate, state laws, and regulatory policies.

States that Require Utilities to Offer a Bill Assistance Program

The State of Connecticut requires all public gas utilities to operate an arrearage forgiveness program for customers with arrears of $100 or more that are more than 60 days overdue, income of less than 200% of the federal poverty level, and have at least $25 of their bill paid by LIHEAP or other assistance programs.

California's Alternate Rates for Energy (CARE) "provides eligible, low-income customers a 20 percent rate discount on their electric and natural gas bills. A rate surcharge paid by all other utility customers funds the CARE program."[11]

The Commonwealth of Pennsylvania has mandated that utilities operate Customer Assistance Programs (CAP). "These utility programs help low-income, payment-troubled customers retain service by giving them affordable payments. Enrollment in CAP allows customers to make regular monthly payments, which may be for an amount that is less than the current bill for utility service. Household size and gross household income generally determine the size of any discount. Customer Assistance Programs are funded through residential rate

[9] "Weatherization Assistance Program." U.S. Department of Energy. <http://www1.eere.energy.gov/wip/wap.html>
[10] "Rural Development Housing & Community Facilities Programs." USDA .<http://www.rurdev.usda.gov/rhs/sfh/brief_repairloan.htm>
[11] "Natural Gas Information Toolkit." National Regulatory Research Institute. 2008.

surcharges."[12]

The state of Maine requires transmission and distribution utilities to create and maintain a Low-Income Assistance Program (LIAP). The Maine State Housing Authority oversees the statewide plan and the LIAPs. Maine's utilities generally partner with community action agencies to administer the programs.[13, 14]

Bill Assistance Program Established By State Government

Both Ohio and Illinois have established Percentage of Income Payment Plans (PIPP) that allow customers to pay only a percentage of their income towards utility bills. These programs target benefits to a level of need, but utilities critique these programs because they separate the user from his or her usage.

Ohio has established a PIPP to help people with low incomes afford utilities. "Under PIPP, if you heat with gas, you pay ten percent of your monthly household income to your gas company and five percent to your electric company. (If your monthly household income is at or below fifty (50%) percent of the Federal Poverty level, most PIPP customers will pay three percent instead of five percent for the secondary source of heat.) If your utility company provides both gas and electric, or if you heat with electricity, you pay fifteen percent of your monthly household income. The community action agency or utility company will inform you of your PIPP amount. […] To be eligible for the PIPP program, a customer must receive his or her primary or secondary heat source from a company regulated by the Public Utilities Commission of Ohio (PUCO), must have a total household income which is at or below 150% of the federal poverty level, and must apply for all energy assistance programs for which he or she is eligible."[15]

In 2009, Illinois established a PIPP as well. The program also capped what low-income customers pay to utilities at 6% of their incomes. Participation is open to households below 150% of Federal Poverty Level. The program also includes an arrearage reduction component, wherein customers are given credits towards past debts for PIPP payments.[16]

During Michigan's shutoff moratorium, the Winter Protection plan allows eligible customers (65 or older, receive Michigan Family Independence Agency cash assistance, or receive Food Stamps or Medicaid, or have a household income at or below 150% of poverty level) can "make monthly payments of at least 7% of their estimated annual bill, along with a portion of any past-due amount, December through March, and avoid shut-off during that time even if their bills are higher. Eligible senior citizens participating in Winter Protection are not required to make specific monthly payments between December 1 and March 31, but are encouraged to do so to avoid higher bills when the protection period ends. At the end of the protection period, both low-income and senior citizens taking part in the plan must pay off any money owed in installments between April and November."[17] This program is a modified PIPP.

The state of Maryland operates the Electric Universal Service Program (EUSP). The program "is a ratepayer-funded program that provides electric bill payment and arrearage retirement assistance to households earning less than 175 percent of federal poverty guidelines. Operated in coordination with the Maryland LIHEAP, during FY 2007 the program spent about $46 million (including state funds) providing bill payment and arrearage assistance to over 84,000 households. Among the conclusions of the evaluation: 1. The program is

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[12] "Natural Gas Information Toolkit." National Regulatory Research Institute. 2008.
[13] "Energy Assistance Programs." Maine Department of Housing. < http://www.mainehousing.org/ENERGYPrograms.aspx?oProgramCategory=4>
[14] "Maine," LIHEAP Clearinghouse, <http://liheap.ncat.org/profiles/Maine.htm>
[15] "Home Energy Assistance Program," Ohio Department of Community Development, <http://www.development.ohio.gov/community/ocs/pip.htm>, Accessed 11/10/2010.
[16] "Illinois Governor Signs PIPP Legislation." Press Release. 10 July 2009. <http://liheap.ncat.org/news/july09/pipp.htm
[17] "Winter Protection Plan," Michigan Public Service Commission, <http://www.michigan.gov/mpsc/0,1607,7-159-16368_27179-78777--,00.html>

reaching and helping households with some of the most severe needs. 2. New or recent participants in the program don't exhibit improved bill payment behaviors and probably can't respond with improved bill payment behaviors in the short term because they have other substantial needs. 3. Participants continuing in the program show improvements in bill payment behavior. The annual growth in eligible applicants served since 2001 is 48 percent. High participant satisfaction was shown with the budget billing and arrearage component of the program as well as with the application process. Among recommendations for improvements, the evaluation said program administrators should explore ways to increase program retention of eligible households from year to year and strengthen program processes that will improve the equitable distribution of EUSP benefits across the state."[18]

In 1999, the Oregon Legislature created the Oregon Energy Assistance Program (OEAP) to help low-income utility customers "…for the purpose of providing low-income bill payment and crisis assistance, including programs that effectively reduce service disconnections and related costs to retail electricity consumers and electric utilities. Priority assistance shall be directed to low-income electricity consumers who are in danger of having their electricity service disconnected." In 2006, the program served more than 66,000 clients in 29 of Oregon's 36 counties. The program is open to households at or below 60% of Oregon's median household income. It provides energy assistance payments and partners with other organizations to provide services that help move households towards self-sufficiency.[19]

Shutoff Moratoriums

According to an evaluation of states' policies regarding shutoffs, the District of Columbia and 17 states do not have date-based shutoff moratoriums: AL, AK, AR, CA, CO, DC, FL, HI, KY, LA, NV, ND, OR, SC, TN, TX, and VA. Of the 36 states that do have date-based shutoff moratoriums, the moratoriums encompass some portion of the winter months from October to April. New York has a moratorium only for the two-week period encompassing the Christmas and New Year holidays.

Thirty-one states have no temperature-based moratorium: AK, CA, CO, CT, FL, HI, ID, IN, KY, LA, ME, MD, MA, MI, MS, NE, NV, NH, NM, NY, NC, ND, OH, OR, PA, SD, UT, VT, VA, WA, and WV. The remaining states that do have temperature-based moratoriums often disallow shutoffs when the temperature is below 32°F or above 95°F or when a heat advisory or warning is in effect.

Eleven states have no shutoff moratorium: AK (except for ill and people with disabilities), CA, CO, FL, HI, KY, LA, NV, ND, OR and VA.[20] See Appendix A for a full table of shutoff moratorium information.

Ohio has a Winter Reconnect Order, which allows customers with disconnected electricity or the threat of a disconnection to pay $175 and a reconnection fee of no more than $36 to restore or maintain service.[21]

See Appendix A for the LIHEAP Clearinghouse's table of shutoff policies by state.

Weatherization and Energy Efficiency

In Nevada, "In August 2001, a Universal Energy Charge (UEC) was imposed on customers of electric and gas utilities to pay for low-income energy programs. About $10 million is raised annually with 75% to be distributed through the state LIHEAP agency to supplement LIHEAP; and 25% through the state weatherization

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[18] "Maryland EUSP Evaluation Released," LIHEAP Clearinghouse, < http://liheap.ncat.org/news/sept07/MD.htm> Accessed 11/10/2010.

[19] "Oregon Energy Assistance Program Report," 12/31/2006, <http://www.oregon.gov/OHCS/CRD/SOS/docs/OEAPAnnualReportCurrent.pdf>

[20] "Seasonal Termination Protection Regulations," LIHEAP Clearinghouse, 11/10/2010, <http://liheap.ncat.org/Disconnect/SeasonalDisconnect.htm>

[21] "Winter Reconnect Order," Ohio Public Utilities Commission, <http://www.puco.ohio.gov/PUCO/Consumer/Information.cfm?id=10159>

agency for low-income energy efficiency."[22] The $0.00039 per kWh charge is applied to every utility customer bill, with limited exceptions.

In Vermont, "Efficiency Vermont is the nation's first ratepayer-funded energy efficiency utility providing energy efficiency services statewide. Efficiency Vermont provides technical assistance and financial incentives to help Vermont households and businesses reduce their energy costs with energy-efficient equipment and lighting. Efficiency Vermont also provides energy-efficient approaches to construction and renovation. We are operated by a private nonprofit organization, the Vermont Energy Investment Corporation, under contract to the Vermont Public Service Board." "In 1999, the Vermont Legislature passed a law creating the energy efficiency utility. In 2000, Efficiency Vermont began to deliver services designed to help Vermonters save energy, reduce energy costs, and protect Vermont's environment. Beginning in 2000, most Vermont electric utilities (except Burlington Electric Department) stopped providing energy efficiency services, enabling all Vermonters to receive a uniform and comprehensive set of services." The program is funded by "[a]n energy efficiency charge on ratepayers' electric bills provides the funds for delivery of energy efficiency services in Vermont. Before Efficiency Vermont was created, the energy efficiency charge was used to pay for energy efficiency services formerly provided by each ratepayer's electric utility. The charge on Burlington Electric Department (BED) customers' bills still pays for the energy efficiency services BED provides." "Since 2000, when Efficiency Vermont was established, the cumulative lifetime economic value of efficiency investments in Vermont has totaled more than $643 million. The continuing savings in electricity, fossil fuel, and water help to decrease the rise in the cost of living and doing business in the Green Mountain State. Vermonters share the benefits of Efficiency Vermont's work. If ratepayers are using less energy, utilities don't have to buy as much power from power plants. So ratepayers' electric bills are likely to be less than they would be without energy-efficient practices."[23]

In 1999, the State of Oregon established the Public Purpose Charge on utility bills. Twelve percent (about $7.5 million annually) of the charge is dedicated to weatherization. Portions of the charge are also dedicated to building public housing.

"As part of Ohio's electric industry restructuring act, a Universal Service Fund (USF) was established to serve low-income residents who have high electricity usage. The USF's Electric Partnership Program (EPP) is designed to improve the electric efficiency of low-income households who participate in PIPP (Percentage of Income Payment Plan) by performing in-home audits and installing appropriate electric base load and thermal energy efficiency measures. Consumer education that helps PIPP participants get the most benefit from their electricity while learning ways to lower the amount they use is an integral part of the service delivery to every household. […]The USF EPP is composed of two types of programs:

> 1) A base load efficiency program which audits lighting, appliances, and all other uses of electricity not related to heating, and installs appropriate measures; and,
> 2) A weatherization program for those who heat with electricity and who have moderate to high usage. This program adds insulation, performs heating system inspections, and addresses health and safety measures."[24]

Pennsylvania requires the state's 15 major gas and electric utilities to participate in the Low Income Usage Reduction Program (LIURP). The utilities "participate in LIURP with a pre-restructuring funding level of about 2/10 of one percent of each utility's total revenues. LIURP includes an education component that addresses energy savings, regular bill payment behavior and provides application assistance."[25] "LIURP helps

[22] "Nevada," LIHEAP Clearinghouse, <http://liheap.ncat.org/profiles/Nevada.htm>
[23] "About Us." Energy Efficiency Vermont. <http://www.efficiencyvermont.com/pages/Common/AboutUs/>
[24] "Electric Partnership Program," Ohio Department of Development, <http://www.development.ohio.gov/community/ocs/epp.htm>
[25] "Pennsylvania," LIHEAP Clearinghouse, <http://liheap.ncat.org/profiles/Pennsylvania.htm>

low-income residential customers lower the amount of electricity or natural gas used each month. Typically, the company may install energy saving features in your home to help reduce bills."[26]

Emergency Relief
Several northern states have emergency assistance funding available for low-income households.

Michigan offers State Emergency Relief (SER) to immediately help "individuals and families facing conditions of extreme hardship or for emergencies that threaten health and safety. It's designed to maintain low-income households normally able to meet their needs, but that occasionally need help when unexpected emergencies arise."[27]

Indiana is required by an 1894 law to provide "poor relief," which generally includes utility bill assistance. Indiana's townships oversee the funds. However, there are significant questions about the efficacy of this system. *The Indianapolis Star* found "Administrative costs are excessive, reducing the amount of taxpayer money available to the poor; and eligibility requirements are so inconsistent that whether someone receives aid often depends more on where they live than on how badly they need assistance."[28]

In New Hampshire, local property taxes pay for local welfare offices that provide emergency assistance for utility bills. Most local welfare offices provide vouchers directly to the vendor to cover needs.[29]

The state of Vermont operates a general assistance fund that helps low-income people receive emergency assistance, including assistance with utility bills.[30]

Tax Rebates and Credits
Many states provide tax rebates and credits to residents who are elderly or have disabilities. If you are a Colorado resident "at least 65 years old, or a surviving spouse at least 58 years old, or disabled for all of [the year], regardless of age; AND you are a single person with income less than $12,102, or a married couple with income of less than $15,864, you may qualify for a property tax / rent / heat rebate."[31] The rebate covers the cost of property taxes, heat, and rent. In 2008, the rebate was up to $600 of property tax paid, and up to $192 for heating expenses.[32] Michigan allocates a portion of its LIHEAP funding to a home heating tax credit that helps low-income households afford heating their homes.[33] Wyoming provides a tax rebate to seniors and people with disabilities for up to $600.[34]

Discounts
A few states require utilities to provide discounts to low-income customers. In Massachusetts, state law requires utilities to offer discounts of 20 to 42%. Households earning less than 175% of the federal poverty guidelines or participating in a means-tested public assistance program are eligible to participate. Minnesota

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[26] "LIURP," Pennsylvania Public Utility Commission, <http://www.puc.state.pa.us/general/consumer_ed/energy_asst_progs.aspx>
[27] "Applying for SER," Michigan Energy Assistance Programs, <http://www.michigan.gov/heatingassistance/0,1607,7-215-33211-106339--,00.html>
[28] Alesia, Mark. "Indiana Townships Do A Poor Job of Poor Relief." Indianapolis Star. 22 February 2009. <http://www.indy.com/posts/indiana-townships-do-a-poor-job-of-poor-relief>
[29] City of Laconia Welfare Department. <http://www.city.laconia.nh.us/index.php/departments/welfare-inside>
[30] "Emergency/General Assistance in Vermont." Vermont Department for Children and Families. <http://dcf.vermont.gov/esd/emergency_general_assistance> Accessed 11/15/2010.
[31] "Colorado PTC Rebate." Colorado Department of Revenue. <http://www.colorado.gov/cs/Satellite/Revenue/REVX/1216116072809>
[32] "2008 changes to Income threshold for the PTC Rebate." Colorado Department of Revenue. 2008. < http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251605030173&ssbinary=true>
[33] "Home Heating Credit." Michigan Energy Assistance Programs. <http://www.michigan.gov/heatingassistance/0,1607,7-215-33210---,00.html>
[34] "Wyoming." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Wyoming.htm>

law requires utilities with more than 200,000 customers to offer a 50% discount on the first 300kWh of low-income households' energy usage (applies only to Xcel Energy). [35]

Assistance for Seniors and People with Disabilities
Some states and utilities waive fees for seniors and people with disabilities. The state of Georgia waives monthly service charges for seniors who own their homes and have incomes less than $12,000 annually.[36]

Homelessness Prevention
A few states have homelessness prevention programs that provide energy assistance to low-income residents. Massachusetts's Resident Assistance for Families in Transition (RAFT) program is "a state-funded homelessness prevention program. RAFT gives short-term financial assistance to low-income families who are homeless or at risk of becoming homeless. RAFT helps families who are behind on rent, mortgage payments, or utility bills. RAFT also helps families who have to move but do not have enough money to pay a security deposit, utility startup costs, or first/last month's rent. Families can get up to $3,000. Funding is limited. Not all eligible families get help. The Massachusetts Department of Housing and Community Development is in charge of the RAFT program. On the local level, RAFT is run by regional non-profit housing agencies (RNPs). Each RNP sets its own policies based on the needs of the region it serves. The RNPs coordinate their efforts with the regional Housing Consumer Education Centers (HCECs) that provide screenings and referrals for emergency housing assistance."[37] Households that qualify can receive up to $3,000 in assistance (including expenses beyond utilities).

Funds
States have established funds to pay for energy assistance. Unfortunately, many of these funds are raided by state legislatures to fund needs other than low-income energy assistance.

Texas ratepayers, who each contribute 98 cents every month to the fund via electric bills, fund the Texas System Benefit Fund (SBF). According to watchdog groups, only 25 to 30% of the SBF reach low-income Texans – the rest goes to reducing the state's budget deficit. The funds that do reach low-income households pay for cooling and energy efficiency programs.[38]

In 1990, the state of Vermont established the Vermont Weatherization Trust Fund (WTF). "The WTF provides state funding for weatherization through a one-half percent gross receipts tax on all non-transportation fuels sold in the state." The WTF supplements Department of Energy funding for the Vermont Weatherization Program.[39]

Illinois's Supplemental Low-Income Energy Assistance Fund (SLEAF) is a state-administered fund that takes in donations from individuals and organizations as well as a utility surcharge from utilities customers. The fund pays for weatherization and bill payment assistance. Unlike other states, this fund may only be used for assisting customers of the utilities that apply the surcharge.[40]

In Kentucky, the WinterCare Fund was established in 1983 "when local Community Action Agencies and local Utility Companies partnered up to help address the needs of low-income Kentuckians to heat their homes. The program will help individuals, that cannot be assisted through other heating programs but demonstrate financial

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[35] "Massachusetts." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Mass.htm>
[36] "Georgia." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Georgia.htm>
[37] "RAFT." Mass Resources. <http://www.massresources.org/pages.cfm?contentID=23&pageID=2&subpages=yes&dynamicID=858>
[38] "Activists Seek More Electric-Bill Help for Poor Texans." *Star Telegram*. 22 July 2010. <http://www.star-telegram.com/2010/07/22/2355580/activists-seek-more-electric-bill.html>
[39] "Weatherization Program Overview." Vermont Department of Children and Families. <http://dcf.vermont.gov/oeo/weatherization_program_overview>
[40] "Illinois Compiled Statutes - Sec. 13. Supplemental Low Income Energy Assistance Fund." <http://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=030500200K13>

need. This innovative program also gives residential utility customers the opportunity to help low income families simply by checking a box on their monthly bill. Currently 31 utilities and 22 community action agencies (CAAs) serving 119 of the state's 120 counties participate in WinterCare, which is managed by the CAC and administered by community action agencies."[41]

Table 3-2 below shows the state programs and whether they address the four policy problems.

Table 3-2.

State Programs	Payments	Arrearages	Usage	Shutoff
Bill Assistance Programs	X	X		
PIPP	X	X		
Emergency Relief	X			
Tax Rebates and Credits	X		X	
Discounts	X			
Fee Waivers	X			
Funds	X	X	X	
Emergency Relief	X			
Forgiveness Programs		X		
Weatherization			X	
Energy Efficiency Programs	X		X	
Date-Based Moratoriums				X
Temperature-Based Moratoriums				X
Conditional Moratoriums	X	X		X

MUNICIPALITY PROGRAMS

On rare occasion, municipalities have established emergency assistance programs that apply to low-income populations' utilities needs. Municipalities also often require municipal utilities to offer discounts to certain at-risk populations.

Emergency Assistance

Several cities operate emergency assistance programs. The City of Chicago operates an Emergency Housing Assistance Program (EHAP) to provide "grants to low-income homeowners to repair roofs, porches and heating units that are in serious disrepair. Owners of 1-4 unit properties in Chicago must live on the property and have no other means to pay for the repairs. If the property is sold within one year of the repairs, the City requires the homeowner to repay the grant amount." A single household is limited to $26,400 in income. The grants are either $10,000 for a single family or 2-flat dwelling, or $12,000 for a 3 to 4-flat dwelling.[42]

The City of Leesburg, FL, provides $100 grants through its "Citizens Utility Relief Effort (C.U.R.E.) to assist utility customers who are unable to pay their bill. The general purpose for granting this assistance states that the fund may be used in the event of loss of employment or an unexpected illness or injury."[43]

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[41] "WinterCare." Community Action Kentucky. <http://kaca.org/WhatWeDo/EnergyAssistance/Wintercare/tabid/426/Default.aspx>
[42] "Emergency Housing Assistance Program." City of Chicago. <http://egov.cityofchicago.org/city/webportal/portalContentItemAction.do?contenTypeName=COC_EDITORIAL&contentOID=536903515&topChannelName=HomePage?
[43] "C.U.R.E." Leesburg, Florida Finance Department. <http://www.leesburgflorida.gov/finance/cure.aspx>

Discounts
A few cities with public utilities offer discount programs for the elderly, and people with low incomes and disabilities. The City of Ashland, OR, for example, makes "[u]tility discounts available to Ashland residents over the age of 65 who qualify as low-income. They receive a 20% to 30% discount on City utilities (water, wastewater, and electric)."[44]

Table 3-3 reviews whether municipality programs cover the four policy problems.

Table 3-3.

Municipality Programs	Payments	Arrearages	Usage	Shutoff
Emergency Assistance	X			
Discounts	X			

3.2 – UTILITY PROGRAMS

Across the country, utilities offer programs that are similar to the Low Income Pilot (LIP), and/or offer an additional wide array of energy assistance programs including weatherization, bill credits, discounts, education programs, emergency relief. Some utilities have also established funds to provide direct assistance or finance other programs.

PROGRAMS LIKE LIP

Berkshire Gas, of Western Massachusetts, operates **the Residential Arrearage Management Program (RAMP)**, which "provides financial assistance to eligible low-income customers with active accounts that have outstanding bills in arrears. Under the RAMP program, eligible low-income customers may qualify for forgiveness of past due bills for natural gas service. Program participants receive credits to their past due account up to $3,000 [lifetime limit] once all program requirements have been met." To be eligible, customers must meet these requirements:

- "Must have an active natural gas account.
- Must have outstanding bills with a minimum of $300 in arrears.
- The customer of record must reside at the location where the gas service is provided.
- The combined gross annual household income must fall within 200% of the Federal Poverty Level Guideline for the household size."

Eligible customers must:

- "Pay down payment of up to 25% of total account balance.
- Enter into a monthly payment plan which includes:
    - remaining arrears balance (if any) after RAMP benefit is applied;
    - future projected gas bills for the term of the payment plan.
- Pay the monthly amount agreed to in order to receive the monthly RAMP credit.
- Apply for, and agree to participate in, all other financial assistance programs available (e.g., fuel assistance, weatherization/conservation, etc.)."

"Failure to pay monthly amount agreed to will result in termination of the payment agreement and any remaining RAMP benefit will be forfeited. RAMP payment plan may be reinstated if all missed payments along with the current payments are made."[45]

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[44] "Oregon." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Oregon.htm>
[45] "Berkshire Gas RAMP Program." Berkshire Gas. <http://www.berkshiregas.com/MediaLibrary/2/6/Content%20Management/YourAccount/PDFs%20and%20Docs/ramp.pdf>

Central Hudson Gas & Electric, which provides utility services on both sides of the Hudson river between New York City and Albany (but not including those cities), runs the **Powerful Opportunity Program (POP)**. POP is a temporary payment assistance program designed to help eligible customers pay off their past due balance up to any amount and stay current with future monthly budget bills. To be eligible, customers must:

- "Have a past due balance of at least $100;
- Pay for their own (electric/gas) heat;
- Enroll in monthly Budget Billing;
- Meet HEAP (Home Energy Assistance Program) income guidelines;
- Have the financial ability to pay a discounted Budget Bill each month."

The program offers customers:

- "[A] discounted Budget Bill that will allow you to receive from $50 to $225 off your regular Budget Bill each month based on your energy usage, household size and income;
- "[A]n arrears forgiveness benefit that allows your past due balance to be suspended from collection activity and paid off up to any amount over a 24-month period when you pay your discounted Budget Bill each month;
- Referral "to EmPower New York, and provided with measures to reduce energy costs."

As a program participant, the customer must:

- "Enroll in, or remain on, monthly Budget Billing;
- Pay your discounted Budget Bill each month in full and on-time;
- Apply for and receive a HEAP grant toward your Central Hudson account each year;
- Agree to be referred to EmPower New York and accept their assistance;
- Apply for assistance through various community service agencies as applicable."

This year, **AmerenUE**, the utility for the St. Louis metropolitan area, began its "Keeping Current" low-income customer pilot program. The press release announcing the program read:

> "A two year pilot program designed to assist certain Union Electric Company d/b/a AmerenUE low-income customers pay their electric bills takes effect in August. The 'Keeping Current Low-Income Pilot Program' was part of an agreement reached by several parties in the last AmerenUE electric rate case before the Public Service Commission (PSC). The Commission approved the agreement on April 14, 2010. 'The Commission received testimony at several local public hearings on how difficult any rate increase would be on low-income residential customers already faced with great economic challenges,' said PSC Chairman Robert M. Clayton III. 'The Commission appreciates the efforts of those who worked to put together this pilot program which is designed to help those most in need with their electric bills.' The pilot program provides for tiered bill credits, arrearage forgiveness and a requirement for eligible customers to apply for available Low-Income Home Energy Assistance Program (LIHEAP) and weatherization assistance. The program will be funded by AmerenUE shareholders and its customers. For an AmerenUE residential customer, the program will cost $0.03 a month. To participate in the program, an electric customer must be registered with a designated Keeping Current Agency which includes Community Action Agencies (CAA) in AmerenUE's electric service area and additional social service agencies that also administer AmerenUE Dollar More energy assistance funds. Program eligibility will be income-based and all customers whose income is at or below 100 percent of the Federal Poverty Level (FPL) will be eligible to participate. In addition, customers who are LIHEAP eligible at 135 percent of the FPL, who use electricity for cooling and who are 1) elderly, 2) disabled or with a chronic medical condition, or 3) live in households with children five years of age or younger will also be eligible to participate. The agreement approved by the Commission was submitted by the Public Service Commission staff, the Office of the Public Counsel, AmerenUE, the Missouri Industrial Energy Consumers, the Missouri Retailers Association and AARP/Consumers Council. The agreement was reached after discussions among the parties following a February 10, 2010, order from the Public Service Commission. That order directed the parties to address concerns raised by AmerenUE's low-income residential customers at a number of local public

hearings held by the Commission on the company's electric rate request. AmerenUE serves approximately 1.2 million electric customers in Missouri."[46]

PPL Electric, which serves a large portion of Eastern Pennsylvania, operates its **OnTrack** program, which "is a special payment plan that offers reduced monthly payments, protection from shutoffs and debt forgiveness. OnTrack is for residential customers who are struggling to pay their bills. It gives them a chance to earn a fresh start. OnTrack is administered by local agencies."[47] The program "provides payment-troubled low-income households with a reduced payment amount and debt forgiveness. The program was first piloted by PPL in 1993 in response to a Public Utility Commission (PUC) Policy Statement that developed guidelines for Customer Assistance Programs. PPL expanded OnTrack in 1999 as part of a 1998 Settlement Agreement, and in 2004 as part of base rate case proceedings. The annual OnTrack budget is currently $19 million." According to a report by APPRISE, "PPL's Customer Services Department manages the OnTrack Program. The Customer Relations Specialist is responsible for managing the overall program and for regulatory reporting to the PUC. There are five Customer Programs Directors (CPDs) who oversee the implementation of OnTrack as well as the other Universal Service Programs in their geographical areas. The CPDs work with agencies in their local areas, providing guidance and quality control. The agencies work directly with the customers on enrollment and recertification. PPL has a very good data management system and the ability to provide comprehensive data that allows for program management and evaluation." To be eligible:

- "Household income must be at or below 150% of poverty.
- The customer must be payment-troubled, defined as defaulted on one or more payment agreements in the past 12-month period.
- The household must have a source of income."

Benefits include:

- "A reduced electric payment, based on the household's ability to pay.
- Waived late payment charges.
- Arrearage forgiveness, over a period of time.
- Referrals to other community programs and services."

The payments include four options, which are calculated when the customer is enrolled to determine the best plan for the customer:

- "Minimum Payment: This payment is equal to the estimated monthly budget amount minus the maximum monthly CAP credit ($150/month for electric heat and $58/month for non-electric heat) plus $60 arrearage co-payment divided by 12 months, if applicable.
- Percent of Bill Payment: This payment is the estimated annual bill times the percent of bill amount (50%, 70%, or 80% depending on poverty level) plus $60 annual arrearage co-payment divided by 12 months.
- Percent of Income Payment: This payment is the household's annual gross income times the percent of income (based on poverty level and whether the customer has electric heat) plus $60 annual arrearage co-payment divided by 12 months.
- Annualized Average Payment: This payment is the amount that the OnTrack applicant paid to PPL over the past 12 months excluding LIHEAP. It includes crisis and hardship funds. The $60 arrearage co-payment divided by 12 months is added to this, if applicable."

To remain in the program, customers must:

- "Make OnTrack payments during each current billing period. After the second missed payment, the customer is removed from OnTrack.
- Maintain historic electric consumption limits. Customers who increase their usage may have larger

[46] "Pilot Program to Help AmerenUE Low-Income Customers with Electric Bills." Press Release. Missouri Public Services Commission. <http://www.psc.mo.gov/press-releases/electric/pr-11-18-pilot-program-to-help-amerenue-low-income-customers-with-electric-bills-1>

[47] "OnTrack." PPL Electric. <http://www.pplelectric.com/Residential+Customers/Pay+My+Bills/Need+Help+Paying+Your+Bill/OnTrack.htm>

increases in OnTrack payments at the time of recertification.
- Provide access to electric meters.
- Verify household income at least annually. The exception is for customers who receive LIHEAP or SSI.
- Report changes in the household at the time of recertification.
- Participate in weatherization, energy conservation education, budget counseling, and other related services."

In 2007, the program had 51,868 referrals, 10,166 defaulted, 17,006 were cancelled for various reasons, 1,011 graduates, 8,480 moved, 8,512 were re-certified, and had 19,401 new enrollments. In 2007, it averaged 21,820 participants at any given time.[48]

In its final review of the **LIP**, PA Consulting (which contracted with the Wisconsin Department of Administration to evaluate the program) interviewed the managers of eight other programs similar to the LIP, and did a literature review of several others. The table below shows the retention rates of reviewed programs as well as the LIP.[49] PA Consulting concluded that these retention rates were "in line with rates found at many of the utilities during the literature review and program manager interviews."[50]

PA Consulting also compared the variations in the programs' components. Table 3-A summarizes their findings.

[48] "PPL Electric Utilities Universal Service Programs." APPRISE Final Evaluation Report. October 2008. <http://www.puc.state.pa.us/General/pdf/USP_Evaluation-PPL.pdf>

[49] Sumi, David. "We Energies Low Income Pilot: Year 3 Final Evaluation Report." PA Consulting. 31 March 2010. Note: Original table excluded We Energies LIP.

[50] Sumi, David. "We Energies Low Income Pilot: Year 3 Final Evaluation Report." PA Consulting. 31 March 2010.

Table 3-A. Results of Interviews and Literature Review of Other Energy Assistance Programs Similar to the LIP.

Utility Program	Reduced Payment	Arrearage Forgiveness	Conservation Education	Financial Education	Weatherization Referral	Interview Prior to Enrolling	Retention
We Energies – Low-Income Pilot	X	X	X*	X*	X	X	First year: 38.4%, First two years: 22.6%, First three years: 16.2%
NSTAR – Arrearage Forgiveness Program	X	X			X	X	"Not very successful"
Connecticut Light & Power - NUSTART		X		X	X	X	10-20% participant retention over 36 months
FirstEnergy – Customer Assistance Program	X	X	X	X			Not defined by participant retention. 92% to 80% of amount billed to participants paid
National Fuel Gas Distrbution Corp – Low Income Residential Assistance	X	X	X		X	X	65% retention rate in 2005 program year. 53% retention rate over 12-24 mo. Period
Dominion Peoples – Customer Assistance Program	X	X					30% of participants have over two years of continuous participation
Philadelphia Gas Works – Customer Reliability Program	X	X	X		X	X	63% retention rate over 12 months
T.W. Phillips – Energy Help Fund	X	X				X	30% retention rate over 24 months
PPL Electric Utilities - OnTrack	X	X	X		X	X	11% to 14% participant retention (remain in program until arrears are forgiven)

* indicates the program component is about to end.

In-Home Audits and Weatherization

Utilities companies sometimes offer in-home assistance to customers who are elderly and/or have low incomes and disabilities. The San Diego Gas & Electric Company offers its Energy Team Program, which sends an energy team to households to do free weatherization, and install energy efficiency measures such as efficient light bulbs, water heater blankets, and energy efficient appliances. To qualify, customers must have recently become unemployed, or meet income guidelines, or be enrolled in one of many public assistance programs.[51]

Alameda (CA) Municipal Power's Energy Assistance Program provides in-home energy audits that seek to reduce energy bills by 25% with energy efficiency recommendations and weatherization and efficiency assistance. It also provides a 25% monthly discount for one year.[52]

Bill Credits

Some utilities will offer credits on low-income customers' bills in the total amount of a fee, or partial amount of fee, or a predetermined amount. Flathead Electric Cooperative in Montana offers an $8 credit, which equals half of customers' monthly basic charge. Customers must apply annually and be eligible for LIHEAP.[53]

Discounts

Nearly all utilities offer some kind of discounted rates for various at risk populations. The discounts are targeted to help those with medical equipment needs, the elderly, people with disabilities, and active duty members of the military. Amounts and how the discount is applied vary greatly.

In the District of Columbia, "Pepco's RAD program provides eligible customers without all-electric heating a 32 percent discount on the first 400 kilowatt-hours used in the winter months and a 63 percent discount on the first 400 kilowatt-hours used in the summer months. Eligible RAD customers with all-electric heating will receive a 51 percent discount on the first 700 kilowatt-hours used in the winter months and a 38 percent discount on the first 700 kilowatt-hours used in the summer months. These discount rates were proposed by Pepco and approved by the District of Columbia Public Service Commission." The D.C. Energy Office determines eligibility for the discount program, accounting for income, age, and disability, and customers must reapply annually.[54]

In Arizona, where elderly populations are common, nearly all utility companies have discounts for medically necessary energy consumption. UniSource Energy Services operates the the CARES Medical Life Support Program, which provides discounts for "qualified low-income customers who require the use of life support equipment in their homes. The total discount is applied to the entire bill. The amount is calculated based on monthly usage, with larger percentage discounts available to customers who use less energy (see chart below).

Electric Discounts Monthly Energy Use	Discount
0 - 600 kWh	30%
601 - 1,200 kWh	20%
1,201 - 2,000 kWh	10%
over 2,000 kWh	$8

To be eligible for the CARES Low Income Life-support Program, an electric service customer must submit to UES annual verification by the physician to remain eligible for the program beyond one year."[55]

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[51] "Energy Team Program." San Diego Gas & Electric. < http://www.sdge.com/residential/assistance/energyTeam.shtml>
[52] "If You Need Financial Assistance…" Alameda Municipal Power. < http://www.alamedamp.com/customer-service/financial-assistance>
[53] "Energy Assistance Programs." Flathead electric. <http://www.flatheadelectric.com/custserv/EnergyAsst/energyasst.htm>
[54] "Payment Options." PEPCO. <http://www.pepco.com/home/billing/payment/support/default.aspx>
[55] "In the Community." UniSource Energy Services. <http://uesaz.com/Community/AssistancePrograms/CARES.asp>

Utilities often offer discounts to active duty military personnel. ComEd, which serves the northern half of Illinois, has a program called ComEd Helps Activated Military Personnel (CHAMP), which "offers a package of benefits to assist activated military personnel who reside within ComEd's service territory." The package includes a cash stipend, deferred/installment payment plans, extended due dates, cancelled late charges, deposit reduction or refund, and budget payment plans.[56]

Education

Education is a common component of energy assistance programs. For example, Lacelede Gas Company, which serves much of Missouri (including St. Louis) and Western Illinois, offers "workshops on energy conservation to small groups of low-income customers through government agencies, civic organizations and churches." The company "will come to your location to conduct the workshop, supply informational materials and answer questions. There is no charge for these workshops."[57]

Two unique approaches are the Washington Energy Education in Schools program, and the Utah LivingWise Energy Ed in Schools program. Both of these programs educate sixth grade students on energy efficiency and have them apply what they learn in their homes. In Washington, the sessions are taught by the community action agency, and in Utah schoolteachers teach the sessions. The Washington program averaged 5.0% energy savings per student home, and the Utah program averaged 6.6% energy savings per student home. Each program is targeted to both high and low-income school districts.[58]

Several other utilities offer mailings/booklets, videos, and online tutorials on weatherization and energy efficiency.

Funds

Many utilities have established funds that benefit low-income customers. These funds (which are managed and distributed either by the utility or private organizations) include those supported by customer donations, employee donations, public and private donations, or a combination. Some utilities will match the funds raised by donors.

Customer Donation

Utilities will frequently ask customers to make a donation on every month's bill to programs that help other low-income customers. These funds are then managed and distributed either by the utility itself or by private organizations.

Shareholder Donation

El Paso Electric shareholders match donations from employees and customers dollar-for-dollar. "The fund is administered by El Paso County General Assistance and is used to help families who are unable to pay for their electricity due to medical or financial problems."[59]

Utility Employee Donation

Employees at Pioneer Electric Cooperative (Kansas) "have contributed to the We Care fund. The We Care program is a way of reaching out to families when they need it most. Employees and Trustees participating in the program make a donation from each paycheck to the fund. The money is then distributed to Pioneer Electric members who are in need as a result of illness, accident or other unforeseen event or difficult circumstance. These funds may be used at the family's discretion. It does

[56] "CHAMP." ComEd. <https://www.comed.com/sites/customerservice/Pages/champ.aspx>

[57] "Energy Smart." Laclede Gas. <http://www.lacledegas.com/customer/energysmart.php>

[58] Drakos, Jamie. "Impact of Flipping the Switch: Evaluating the Effectiveness of Low-Income Residential Energy Education Programs." Quantec. 2008.

[59] "Texas." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Texas.htm>

not have to be used for an electrical bill payment. A committee consisting of Pioneer Electric employees selects the members who receive a donation. Donations are made once a month."[60]

Matching Funds
UGI Utilities (Pennsylvania) operates a program called "Operation Share," where customers can donate to help other low-income customers. UGI matches every $2 of customer donations with $1.[61]

Combination of Donors
The National Fuel Gas Company, located in Northwest Pennsylvania and far Western New York, has operated the Neighbor for Neighbor Heat Fund since 1983. It has raised $6 million for grants to individuals and households that need energy assistance. It is funded by customer donations, employee donations, and shareholder donations.[62]

Table 3-4 reviews whether the utilities' programs address the four policy problems.

Table 3-4.

State Programs	Payments	Arrearages	Usage	Shutoff
Holistic LIP-Like Programs	X	X	X	X
In-Home Audits	X		X	
Weatherization	X		X	
Bill Credits	X			
Discounts	X			
Education	X		X	
Funds	X	X	X	

3.3 – COMMUNITY-BASED PROGRAMS

There are many community-based programs that are operated by non-profit agencies and social service agencies. These organizations raise funds from private sources and are sometimes funded by utilities and state-established funds. They also vary in the level of service they provide – from emergency assistance only, to a holistic approach.

Local Community Action Agencies often take the lead as administrators of low-income energy assistance programs. These agencies "are nonprofit private and public organizations established under the Economic Opportunity Act of 1964 to fight America's War on Poverty. Community Action Agencies help people to help themselves in achieving self-sufficiency. Today there are approximately 1000 Community Action Agencies, serving the poor in every state as well as Puerto Rico and the Trust Territories."[63]

Through their national networks, relief organizations like the United Way, Red Cross and Salvation Army provide local energy assistance. These groups generally provide emergency assistance only, but in some areas, they serve as partners to utilities, social service agencies, or fuel funds to administer low-income energy assistance programs.

[60] "We Care." Pioneer Electric Cooperative. <http://www.pioneerelectric.coop/wecare.aspx>
[61] "Pennsylvania." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Pennsylvania.htm>
[62] "Payment Assistance Programs." National Fuel. <http://www.natfuel.com/forhome/NY/PaymentAssistance.aspx>
[63] "About CAAs." Community Action Partnership. <http://www.communityactionpartnership.com/index.php?option=com_content&task=view&id=21&Itemid=50>

"**Heat-Up St. Louis, Inc.** (and Cool Down St. Louis) is a regional non-utility, independent, all-volunteer, non-profit 501(c)(3), energy assistance charity that focuses on helping area elderly and disabled people, and low-income families, who can not afford to pay their high delinquent home heating or cooling bills in about 16 Missouri and Illinois counties, including the City of St. Louis. The charity is the safety net for area needy people, after all public, and utility funds have been exhausted. Heat-Up St. Louis becomes the life-line in many instances. In addition, the charity provides public education and awareness on summer and winter health and safety issues. Furthermore, the charitable group has a resource hotline providing utility counseling and referrals to area social service and community action agencies for those in need."[64] HeatUp St. Louis claims that 100% of every dollar given goes to help at-risk utility customers to pay for their bills. It provides grants between $100 and $600.[65] Since 2001, 70,000 people have received these grants and other assistance.[66] HeatUp St. Louis partners with 12 social service and community action agencies in the St. Louis area.[67]

Table 3-5 reviews whether community-based programs address the four policy problems.

Table 3-5.

Community-Based Organizations	Payments	Arrearages	Usage	Shutoff
Community Action Agencies	X		X	
Emergency Relief Organizations	X			

3.4 – PARTNERSHIP PROGRAMS

There are many energy assistance programs and organizations that are operated or funded by some partnership of government, utilities and community organizations.

Energy Outreach Colorado (EOC) operates the Utility Assistance Program, which includes 78 organizations at 93 sites reaching all 64 counties of Colorado. "Since 1989, EOC has raised more than $120 million to fund energy bill payment assistance, energy efficiency upgrades for affordable housing and nonprofit facilities, energy efficiency education, and advocacy on behalf of low-income energy consumers. Energy Outreach Colorado relies on private donations, corporate contributions and foundation grants." The organization also receives funding from utilities and government sources.[68] Its energy efficiency and education programs provide "grants and partner with other organizations such as Xcel Energy, Atmos Energy and the Denver Office of Strategic Partnerships to improve the energy efficiency of affordable housing and non-profit facilities across the state. We recently were selected to administer the Governor's Energy Office Multi-Family Weatherization program, which is funded by the Department of Energy and the American Recovery and Reinvestment Act."[69]

Oregon HEAT is a one-stop shop that helps low-income and other at-risk Oregon utility customers with their energy needs. "Oregon HEAT is an independent nonprofit organization founded just over 20 years ago to help low-income Oregonians and hard-working families keep those vital utilities on during unforeseen emergency situations. At Oregon HEAT, we are people just like you who want to ensure area families are safe and warm in their own home. Together, we are neighbors helping neighbors, providing warmth and kindness through heartfelt donations." "At Oregon HEAT, we work with local social service and community organizations that help us determine if a family is eligible for assistance. We then use donated funds to help those in need pay their utility and heating bills. As careful stewards of your donation, 90 cents of every dollar go directly to help

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[64] "Annual Report." HeatUp St. Louis. <http://www.heatupstlouis.org/annual_report.pdf>
[65] "Missouri." Liheap Clearinghouse. <http://liheap.ncat.org/profiles/Missouri.htm>
[66] "Annual Report." HeatUp St. Louis. <http://www.heatupstlouis.org/annual_report.pdf>
[67] "Main Page." HeatUp St. Louis. <http://www.heatupstlouis.org/>
[68] "Media Guide." Energy Outreach. <http://www.energyoutreach.org/NewSite/media.asp>
[69] "Fact Sheet." Energy Outreach. < http://www.energyoutreach.org/NewSite/downloads/Fact%20Sheet%20&%20FAQ.pdf>

qualifying households in your community pay their heat and electric bills. Charity Navigator, the Internet's best guide to intelligent giving, awarded Oregon HEAT its highest 4-star rating for efficiency and capacity for five consecutive years."[70] The organization partners with a vast network of community service agencies that enroll and manage low-income utility customers in need of assistance. Oregon HEAT receives funding from several utilities in Oregon, as well as private donations.[71]

EnergySmart Memphis is a "year-long energy education and home improvement initiative designed to help Memphians save money on their energy costs. EnergySmart Memphis is a partnership between [Memphis Light, Gas and Water] MLGW, City and County government agencies, CDCs and non-profit organizations, and the Tennessee Valley Authority (TVA)."[72]

Nevada's Project REACH (Relief through Energy Assistance to prevent Customer Hardships) is a partnership fund between United Way of Southern Nevada, fourteen community service agencies, and NV Energy (the area's utility). The program provides energy assistance to low-income households, as well as seniors, people with disabilities, customers with life-threatening medical conditions, households experiencing an emergency, and National Guard or Reserve members. The program facilitates the transfer of funds from donors to at-risk utility customers through partner agencies.[73]

The Fuel Fund of Maryland is a non-profit organization that receives assistance from the government, utilities, foundations, and individuals. "The Fuel Fund was incorporated in 1981 as the Fuel Fund of Central Maryland, following the nation's first energy crisis during the late 1970s when an oil embargo squeezed supply, and energy prices soared. Hardest hit were those people least able to pay dramatic cost increases. Victorine Q. Adams, a Baltimore City councilwoman and noted civil rights activist, intervened and the earliest version of the Fuel Fund was born. She was moved to do so when a couple in her council district froze to death in their home. […] The Fuel Fund has helped as many as 18,000 individuals in a single year. The target population is families and individuals in Central Maryland who live at or below 300 percent of the Federal Poverty Guidelines. A representative Fuel Fund family has an income under $13,000 for a family of three, or is a senior or individual with a disability living on a fixed income. A two-income family, each earning minimum wage of $6.15 per hour, has gross annual pay of $25,584."[74]

Table 3-6 evaluates if partnership programs address the four policy issues.

Table 3-6.

Partnership Programs	Payments	Arrearages	Usage	Shutoff
Energy Outreach Colorado	X		X	
Oregon Heat	X		X	
Energy Smart Memphis	X		X	
Nevada's Project REACH	X			
The Fuel Fund of Maryland	X	X		

[70] "About Us." Oregon HEAT. <http://www.oregonheat.org/15-about-us>
[71] "Partners." Oregon HEAT. <http://www.oregonheat.org/19-partners>
[72] "EnergySmart Memphis." MLGW. <http://www.mlgw.com/SubView.php?key=res_energysmart>
[73] "Project REACH." NV Energy. <http://www.nvenergy.com/home/assistance/projectreach.cfm>
[74] "About Us." Fuel Fund of Maryland. <http://www.fuelfundmaryland.org/about-us.shtml#>

4. CASE STUDIES OF IMPOVERISHED CITIES

On September 28, 2010, the *Milwaukee Journal Sentinel* published an article titled, "Milwaukee Now Fourth Poorest City in Nation," which sent shockwaves through the community. It was reported that 27% of Milwaukee's population lives in poverty. Low-income stakeholders, elected officials, and academics were sent scrambling to explain the results of the U.S. Census Bureau's American Community Survey, which put Milwaukee behind Detroit, Cleveland, and Buffalo. St. Louis, MO, was fifth.[75] These four other impoverished cities provide useful case studies for this research because they are geographically (northern cities in temperate climates), and demographically similar to Milwaukee.

Each of these cities is examined below using data from the 2009 American Community Survey and a literature review of local energy assistance programs.

The case study is presented with Milwaukee first to provide the first point of comparison, then Detroit, Cleveland, Buffalo, and St. Louis.

The results are summarized in Table 4-1 at the end of this section.

[75] Glauber, Bill and Posten, Ben. "Milwaukee Now Fourth Poorest City in Nation." *Milwaukee Journal Sentinel*. 28 September 2010.

4.1. Milwaukee

Milwaukee was ranked the fourth poorest city in the nation. Local leaders have long blasted the embattled education system, but other factors, including workforce development efforts, transportation and housing policies that promote racial and economic segregation, and a large job shortage are also contributing factors.

Population: 605,027
Population Living in Poverty: 27.0%
Unemployment Rate: 8.7%

Racial Demographics:

41.9%	White
36.8%	African American
15.6%	Hispanic or Latino
0.4%	American Indian and Alaska Native
3.3%	Asian
0.0%	Native Hawaiian and Other Pacific Islander
2.0%	Two or More Races
0.0%	Other

How Energy Assistance Needs Are Being Met:

Government Programs

LIHEAP Eligibility: 60% state median income

Average[76] FY2010 LIHEAP Benefit: $490

Under Wis. Stat. Chapter 49, General Assistance funds are made available to "households without assets or means of support to provide a minimum of life's necessities including the cost of home heating. General assistance is provided only as a last resort to eligible households."[77]

"If you are eligible for weatherization services based on your WHEAP application, your application information will be referred to the local weatherization agency. Households selected for potential weatherization services will be contacted by the weatherization agency. The agency will then make arrangements to have an energy auditor look at your home to see what can be done to make it more energy efficient. Weatherization services differ with each home depending on how it was built and its condition. Some common weatherization services include:

- Insulate attics, walls and floors
- Insulate or replace water heater
- Install energy efficient lighting
- Reduce air leakage
- Repair or replace furnace
- Test and/or replace refrigerator
- Perform a general health and safety inspection
- Provide information about maintenance and energy conservation

You may be eligible for weatherization services if:

[76] "Wisconsin." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Wisconsin.htm>
[77] "Wisconsin." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Wisconsin.htm>

- You received benefits from Wisconsin's Home Energy Assistance Program (WHEAP) or your gross income for the last three months is equal to or less than 60% of Wisconsin's state median income (SMI) for your family size. With the 2009 American Recovery and Reinvestment Act and recent Wisconsin statutory changes, the income guidelines for weatherization programs have increased resulting in more homes being eligible for weatherization services.
- Your dwelling/apartment has not been weatherized before.
- Your household meets certain priorities that may include a high energy burden or use, an elderly or disabled member or a child under six."[78]

Shutoff Moratorium
Wisconsin's shutoff moratorium runs from November 1 to April 15, and when the National Weather Service puts a heat advisory in effect (See Appendix A).

Local Government Programs
None.

Utility Programs
We Energies is the combined utility for the Milwaukee area. We Energies offers its Low Income Pilot (LIP), an "innovative holistic program that incorporates affordable payment, arrears forgiveness, financial and conservation education and weatherization services. Partners include non-profit community based agencies, the State of Wisconsin and We Energies."[79] The Low Income Pilot is scheduled to end on April 15, 2010. We Energies also offers an Early Identification Program (EIP). We Energies provides a limited amount of weatherization assistance to customers.[80]

Community Programs
The Social Development Commission and Community Advocates are partners with We Energies in the Low Income Pilot. In addition, Community Advocates offers advocacy, case management, education, and other energy assistance-related programs. The Salvation Army also offers utility assistance.[81]

Partnerships
"The Keep Wisconsin Warm/Cool Fund was established to keep the heat and power on for thousands of families in crisis. Through public, private and community partnerships, KWW/CF provides preventative services and the financial assistance necessary to alleviate potential life-threatening energy-related emergencies during Wisconsin's harsh winters. 95% of those helped by the Fund are elderly, disabled or families with young children. The KWW/CF is committed to providing immediate relief from energy crises as well as long-term solutions, and ultimately self-sufficiency. Those in need can be helped with: Home weatherization, Replacement or repair of old, inefficient and dangerous furnaces, Budget counseling, money management, Connection to other resources to help themselves."[82] "Money is raised in Wisconsin and stays in Wisconsin. Funds raised go to the most in need in communities across the state. The KWW/CF limits administrative costs to 5%, so donations go straight to those most in need. All donations are matched by the State Department of Administration and are tax deductible. The KWW/CF helps those in need throughout all 72 Wisconsin

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[78] "Wisconsin Weatherization Assistance Program." Home Energy +. <http://homeenergyplus.wi.gov/category.asp?linkcatid=819&linkid=118>
[79] "Utility Assistance." EEI. <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/FedLegislation/LIHEAP/Pages/database.htm?appSession=926269923815422&RecordID=1852&PageID=3&PrevPageID=2&cpipage=1&CPIsortType=&CPIorderBy=>
[80] Interview with Michael Mueller, Manager of Low-Income and Medical Condition Programs, We Energies.
[81] "What We Do." Salvation Army of Milwaukee County. <http://www.usc.salvationarmy.org/usc/www_usc_greatermilwaukee.nsf/vw-search/C352136095E4EC2A80256EC2004DBCBF?opendocument>
[82] "About Us." Keep Wisconsin Warm Fund. <http://www.kwwf.org/about-us/>

counties. During last year's heating season, over 31,3000 households experienced an energy related crisis."[83] The fund is supported by Alliant Energy, Madison Gas and Electric, We Energies, Wisconsin Public Service Corporation and Xcel Energy.[84]

Focus on Energy helps low-income Wisconsinites with weatherization and energy efficiency assistance.[85]

[83] "Fast Facts." Keep Wisconsin Warm Fund. <http://www.kwwf.org/about-us/fast-facts/>
[84] "Utility Partners." Keep Wisconsin Warm Fund. <http://www.kwwf.org/about-us/utility-partners/>
[85] "Assistance Programs." Focus On Energy. <http://www.focusonenergy.com/Incentives/Residential/Assistance-Programs/>

4.2. Detroit

Detroit was ranked America's most impoverished city. The city has been devastated by chronic unemployment and crime.

Population: 910,848
Population Living in Poverty: 36.4%
Unemployment Rate: 15.3%

Racial Demographics:

13.3%	White
75.5%	African American
7.4%	Hispanic or Latino
0.2%	American Indian and Alaska Native
1.7%	Asian
0.0%	Native Hawaiian and Other Pacific Islander
1.5%	Two or More Races
0.2%	Other

How Energy Assistance Needs Are Being Met:

Government Programs

LIHEAP Eligibility: 110% of Federal Poverty Guidelines for heating, 60% of state median income for crisis

Average FY2010 LIHEAP Benefit[86]: $117

Michigan allocates a portion of its LIHEAP funding to a home heating income tax credit that helps low-income households afford heating their homes.[87]

Michigan offers State Emergency Relief (SER) to immediately help "individuals and families facing conditions of extreme hardship or for emergencies that threaten health and safety. It's designed to maintain low-income households normally able to meet their needs, but that occasionally need help when unexpected emergencies arise."[88]

"Michigan's Weatherization Assistance Program (WAP) is a federally funded, low-income residential energy conservation program. The program provides free home energy conservation services to low-income Michigan homeowners and renters. These services reduce energy use and lower utility bills, thus creating more self-sufficient households.

- Services include:
- Wall Insulation
- Attic Insulation and Ventilation
- Foundation Insulation
- Air Leakage Reduction
- Smoke Detectors

[86] "Michigan." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Michigan.htm>
[87] "Home Heating Credit." Michigan Energy Assistance Programs. <http://www.michigan.gov/heatingassistance/0,1607,7-215-33210--,00.html>
[88] "Applying for SER," Michigan Energy Assistance Programs, <http://www.michigan.gov/heatingassistance/0,1607,7-215-33211-106339--,00.html>

- Dryer Venting"

"Eligibility is based on household income being at or below 200% of the federal poverty guidelines. Recipients of the Family Independence Program (FIP) administered by the Department of Human Services (DHS) or those who receive Supplemental Security Income (SSI) automatically qualify for this no-cost program. Community Action Agencies/non-profit organizations provide weatherization services statewide."[89]

Shutoff Moratorium

Michigan's shutoff moratorium is in effect from November 1 to March 31 (See Appendix A).

During Michigan's moratorium, eligible customers (65 or older, receive Michigan Family Independence Agency cash assistance, or receive Food Stamps or Medicaid, or have a household income at or below 150% of poverty level) can "make monthly payments of at least 7% of their estimated annual bill, along with a portion of any past-due amount, December through March, and avoid shut-off during that time even if their bills are higher. Eligible senior citizens participating in Winter Protection are not required to make specific monthly payments between December 1 and March 31, but are encouraged to do so to avoid higher bills when the protection period ends. At the end of the protection period, both low-income and senior citizens taking part in the plan must pay off any money owed in installments between April and November."[90]

Local Government Programs

None.

Utility Programs

Detroit Edison, whose parent company is DTE Energy, serves most of Southeast Michigan, including Detroit.

DTE Energy offers a Residential Income Assistance (RIA) bill credit program. "Residential customers whose total household income does not exceed 150% of the Federal poverty level (see chart) may be eligible for a $6.00 per month bill credit ($12.00 per month if served by *both* Detroit Edison and MichCon). Household income must be verified by a State or Federal agency."

DTE Energy also helps provide credit counseling to customers. "DTE Energy works with GreenPath, a non-profit consumer credit counseling service, to help customers develop a budget that will help them manage their money. This credit counseling service is available to all residential customers, regardless of income, with arrears greater than $300. A monthly budget plan spreads out your future bills over a specified period (usually not to exceed 24 months)."

DTE Energy has a shutoff protection plan which "is available to all residential customers regardless of income, and provides year-round protection from shut off. This monthly budget plan spreads out your future bills over 12 equal monthly payments plus equal monthly payments on your unpaid balance with an initial down payment of 10 percent of your total bill."

DTE Energy provides shutoff protection for some members of the military. "If you or your spouse is called to full-time active military service during a time of declared national or state emergency or war, you may apply for shut-off protection for up to 90 days. You may request extensions of this protection by re-applying. You must provide verification of active duty status. At the end of active duty, you must notify us of your status. You will

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[89] "Weatherization Assistance Program." Michigan Energy Assistance Programs. <http://www.michigan.gov/heatingassistance/0,1607,7-215-33212-15408--,00.html>

[90] "Winter Protection Plan," Michigan Public Service Commission, <http://www.michigan.gov/mpsc/0,1607,7-159-16368_27179-78777--,00.html>

still be required to pay for the energy service used during your participation in this program. We will enroll you in a payment plan for all past due amounts to be paid within one year."[91]

DTE Energy provides "one-on-one on-site assistance to customers at community events or Customer Forums throughout DTE Energy's Service Territory. Energy assistance, payment plan options, and energy efficiency and conservation education is provided to customers at the forums. One large special event, Customer Assistance Day, DTE provided over 5000 customers with assistance dollars totaling over $600,000."[92]

Community Programs

The Heat and Warmth (THAW) Fund "provides funding to several customers who meet the guidelines from the 2010 Household Income Eligibility Guidelines chart, are in shut-off status, and have exhausted all federal and state funding programs may be eligible for assistance. The program begins October 15, 2008 for customers who receive a shut-off notice. For assistance, contact one of the following THAW Fund administrators."[93]

Both the local United Way and Salvation Army have emergency utility bill assistance programs.

Partnerships

"Cents for Energy is an energy assistance program created by DTE Energy and THAW (The Heat and Warmth Fund). It provides energy assistance to individuals and families having severe difficulty paying their energy bills. When someone participates in this donation program, they can their energy bill payment to the nearest dollar. All funds collected are used to assist customers whose income is above federal poverty guidelines, but who still struggle to meet financial obligations."

"DTE Energy provides additional assistance to customers by matching a portion of the funds contributed by various community agencies. In 2010 DTE has matching agreements with THAW, Salvation Army, Newaygo County, St. Vincent DePaul, MCAAA."

"Community Energy Solution is a program that allows DTE Energy, THAW, Tax preparers and others the ability to work along with partnering with 4 of the churches in the community. Customers are able to go to one of the churches and receive assistance, energy education, and other specialized services for the individual."[94]

[91] "Payment Assistance Programs." DTE Energy. <http://www.dteenergy.com/residentialCustomers/billingPayment/paymentPrograms/payAssistance.html#RIA>
[92] "DTE Energy." Edison Electric Institute. <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/FedLegislation/LIHEAP/Pages/database.htm?appSession=793269343946482&RecordID=2045&PageID=3&PrevPageID=2&cpipage=1&CPIsortType=&CPIorderBy=>
[93] "Payment Assistance Programs." DTE Energy. <http://www.dteenergy.com/residentialCustomers/billingPayment/paymentPrograms/payAssistance.html#RIA>
[94] "Utility Programs for Low-Income Customers." Edison Electric Institute. <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/FedLegislation/LIHEAP/Pages/database.htm?appSession=039269343920996>

4.3. Cleveland

Cleveland was ranked America's second poorest city. While a depleted labor market has wreaked havoc, the city has also experienced a high level of upper income residents moving out of the city.[95] Ohio is a state where the Percentage of Income Payment Plan (PIPP) largely offsets the demand for energy assistance. As a result, the utilities offer fewer services. Cleveland Public Power (a municipal utility) and FirstEnergy both serve the city's utility needs. Cleveland Public Power has no discernable energy assistance programs, while FirstEnergy offers only the basics.

Population: 431,369
Population Living in Poverty: 35.0%
Unemployment Rate: 12.8%

Racial Demographics:

37.5%	White
49.9%	African American
9.4%	Hispanic or Latino
0.2%	American Indian and Alaska Native
1.4%	Asian
0.0%	Native Hawaiian and Other Pacific Islander
1.5%	Two or More Races
0.1%	Other

How Energy Assistance Needs Are Being Met:

Government Programs

LIHEAP Eligibility: 200% of Federal Poverty Level

Average FY2009 LIHEAP Heating Benefit[96]: $320

Ohio has established a Percentage of Income Payment Plan (PIPP) to help people with low incomes afford utilities. "Under PIPP, if you heat with gas, you pay ten percent of your monthly household income to your gas company and five percent to your electric company. (If your monthly household income is at or below fifty (50%) percent of the Federal Poverty level, most PIPP customers will pay three percent instead of five percent for the secondary source of heat.) If your utility company provides both gas and electric, or if you heat with electricity, you pay fifteen (15%) percent of your monthly household income. The community action agency or utility company will inform you of your PIPP amount. […] To be eligible for the PIPP program, a customer must receive his or her primary or secondary heat source from a company regulated by the Public Utilities Commission of Ohio (PUCO), must have a total household income which is at or below 150% of the federal poverty level, and must apply for all energy assistance programs for which he or she is eligible."[97]

Ohio has a Winter Reconnect Order, which allows customers with disconnected electricity or the threat of a disconnection to pay $175 and possibly a reconnection fee of no more than $36 to restore or maintain service.[98]

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[95] Schweitzer, Mark and Rudick, Brian. "A Closer Look at Cleveland's Latest Poverty Ranking." Federal Reserve Bank of Cleveland - Economic Commentary. 15 February 2007. <http://www.clevelandfed.org/research/commentary/2007/021507.cfm>
[96] "Ohio." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Ohio.htm>
[97] "Home Energy Assistance Program," Ohio Department of Community Development, <http://www.development.ohio.gov/community/ocs/pip.htm>, Accessed 11/10/2010.
[98] "Winter Reconnect Order," Ohio Public Utilities Commission, <http://www.puco.ohio.gov/PUCO/Consumer/Information.cfm?id=10159>

Ohio's Energy Credit (OEC) program is available for "customers who are 65 years of age or older or totally and permanently disabled will receive an increased Energy Assistance benefit beyond what they would receive under HEAP. When processing the customer's Energy Assistance Application, the Ohio Department of Development (ODOD) will screen all applications and determine whether the customer is eligible for the increased benefit amount."[99]

"The Ohio Home Weatherization Assistance Program (HWAP) is a no-cost energy assistance program designed to increase the energy efficiency of dwellings owned or occupied by income-eligible Ohioans, reduce participants' household energy expenditures, and improve participants' health and safety. HWAP is federally funded by the U.S. Department of Energy and provided to Ohioans at no cost for customers whose annual household income is at or below 200 percent of the federal poverty guidelines. Ohio's HWAP is administered through the Ohio Department of Development's Community Development Division (CDD) and its Office of Community Services (OCS). Households at or below the federal poverty guidelines, PIPP (Percentage of Income Payment Plan) participants, PIPP eligible households or households receiving Supplemental Security Income qualify for this no-cost program. After weatherization, households that heat with natural gas reduce space heating consumption by an average of 24.7 percent, and electrically heated homes reduce usage on average of 13 percent. HWAP participants increased the percentage of utility bills that they pay and the rate of disconnections of utility service for this group decreased by 50 percent."[100]

Shutoff Moratorium

Ohio's shutoff moratorium is in effect from October 19 to April 15 (See Appendix A).

Local Government Programs

Some families with children under 18 qualify for emergency assistance from the Cuyahoga County Department of Human Services. "This benefit is available only once every 13 months and is reserved for urgent needs. Qualifying situations must threaten the health, safety or decent living arrangements of a family."[101]

Utility Programs

Both Cleveland Public Power (a municipal utility) and The Cleveland Electric Illuminating Company (a division of FirstEnergy Corporation) serve the City of Cleveland.

Cleveland Public Power does not offer its own energy assistance programs, but refers customers to Catholic Charities, United Way, and the Council for Economic Opportunities in Greater Cleveland.[102]

FirstEnergy provides "bill subsidy and debt forgiveness for customers at or below 150% of the Federal Poverty Income Guideline (150,000 customers)," along with "cash grants for customers with temporary financial crisis [… and] First Energy shareholders may match donations up to established dollar limits," "Grants to help strengthen the social and economic fabric of the FirstEnergy service areas and power generation plant communities (During 2009, more than $2.5 Million in grants was distributed to nearly 900 non-profit organizations.)." FirstEnergy conducts an "annual collection of non perishable food items and cash donations to fight hunger," a "web site that helps customers analyze their energy use and identifies ways to reduce energy use and improve efficiency." Its "employees in the field (meter readers, meter services, line workers, etc.) identify customer situations that may be harmful or dangerous for individuals in the household." It "offers customers the convenience of making consistent monthly payments and avoiding the normal seasonal highs and

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[99] "Ohio." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Ohio.htm>

[100] "Home Weatherization Assistance Program." Ohio Department of Development. <http://www.development.ohio.gov/community/ocs/hwap.htm>

[101] "Financial Assistance Programs." CPP. <http://www.cpp.org/financialassistance.html>

[102] "Financial Assistance Programs." CPP. <http://www.cpp.org/financialassistance.html>

lows in electric bills," and "a third party (a friend, relative, clergy or social service agency) is notified, along with the customer, if electric service is about to be disconnected."[103]

FirstEnergy also has a program for households that include an active duty member of the military. "Customers participating in the program may elect to defer paying either all or a part of their monthly electric bill. When the family member in the military service returns home, the account will be reviewed to determine payment arrangements for the balance owed."

"The Critical Customer Care Program identifies customers who use certain electrically operated life sustaining medical equipment in their home. The program helps customers -- for whom a service interruption could be immediately life threatening, or would make operation of necessary medical or life supporting equipment impossible or impractical -- prepare for planned and unplanned power outages. Please call us if someone in your home uses this type of medical equipment."[104]

Community Programs
Both Catholic Charities and the United Way offer emergency assistance.

The Council for Economic Opportunities in Greater Cleveland (CEOGC) "provides Emergency Home Energy Assistance (EHEAP). Winter Heating: During the winter heating period, as designated by the Public Utilities Commission of Ohio, the Housing Services Office accepts applications from thousands of eligible Cuyahoga County residents. CEOGC assists residents seeking emergency payments for heating gas, electricity for forced air heat, and bulk fuels such as oil, coal and wood. The application period normally begins on November 1st and ends March 31st. Summer Cooling: During the summer months, funding may be available to help eligible Cuyahoga County residents pay for electricity necessary to keep their homes cool. CEOGC also provides air conditioners and/or fans for those who suffer from illnesses that can be life threatening when summer temperatures become extremely high. The application period for the program normally begins on June 1st and ends August 31st."[105]

Partnerships
The Cleveland Salvation Army runs the Community Outreach Opportunity Program (CO-OP) "to help residential customers who have suffered a recent financial hardship and need temporary help in paying their electric bills. Program funding is provided by The Illuminating Company customers, company employees, and FirstEnergy shareholders. The distribution of funds is administered by the Cleveland Salvation Army."

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[103] "Utility Programs for Low-Income Customers." Edison Electric Institute. <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/FedLegislation/LIHEAP/Pages/database.htm?appSession=821269365116261&RecordID=&PageID=2&PrevPageID=1&cpipage=2&CPISortType=&CPIorderBy=>
[104] "Assistance and Service Programs." The Illuminating Company. <http://www.firstenergycorp.com/Get_Help_With/Billing_and_payments/Payments/Assistance_programs_and_bill_information/Illuminating_Company/index.html#help>
[105] "Financial Assistance Programs." CPP. <http://www.cpp.org/financialassistance.html>

4.4. Buffalo

As the smallest city in the top five poorest cities, Buffalo suffers from a low-wage labor market that shrinks annually, an ineffective education system, and mismanagement of budget priorities to help the poor.[106]

Population: 270,221
Population Living in Poverty: 28.8%
Unemployment Rate: 9.2%

Racial Demographics:

50.9%	White
36.4%	African American
8.0%	Hispanic or Latino
0.7%	American Indian and Alaska Native
2.0%	Asian
0.0%	Native Hawaiian and Other Pacific Islander
1.6%	Two or More Races
0.4%	Other

How Energy Assistance Needs Are Being Met:

Government Programs

LIHEAP Eligibility: 60% State Median Income or 150% Federal Poverty Guidelines (whichever is greater)

Maximum FY2010 LIHEAP Benefit[107]: $900

According to the LIHEAP Clearinghouse, "A Home Energy Allowance is provided to public assistance recipients from state and local funds; New York law exempts the collection of utility sales tax from certain public assistance recipients; also provided from state and local funds is payment of utility arrears for public assistance clients."[108]

"The Weatherization Assistance Program assists income-eligible families and individuals by reducing their heating/cooling costs and improving the safety of their homes through energy efficiency measures. Energy efficiency measures performed through the program include air sealing (weatherstripping, caulking), wall and ceiling insulation, heating system improvements or replacement, efficiency improvements in lighting, hot water tank and pipe insulation, and refrigerator replacements with highly efficient Energy Star rated units. Both single-family and multi-family buildings are assisted. Household energy use reductions and resultant energy cost savings are significant, with an average savings in excess of 20%. Individual households apply by contacting the provider that serves their area. All parts of the State are eligible. Every county, village, town and neighborhood is served by a local weatherization provider. Weatherization providers can be community-based not-for-profit organizations, community action agencies, counties, or units of local government. To be eligible, a provider must demonstrate the capacity to administer the program, and have a history of providing service to the community. Households with incomes at or below 60% of state median income are eligible for assistance. Program services are available to both homeowners and renters, with priority given to senior citizens, families with children and persons with disabilities. The New York State Weatherization Assistance Program is the largest residential energy conservation program in the country. The program receives funding from the U.S.

[106] Special Reports on Poverty series. *Buffalo News*. 2008.
[107] "New York." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/NY.htm>
[108] "New York." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/NY.htm>

Departments of Energy and Health and Human Services. In Program Year 2010 - 2011 approximately $65.8 million was allocated to 65 community based organizations to provide weatherization services to income eligible households in each of New York State's 62 counties."[109]

Shutoff Moratorium
New York has a shutoff moratorium for the two-week period encompassing the Christmas and New Years holidays (See Appendix A).

Local Government Programs
None.

Utility Programs
National Grid, which serves Buffalo, offers many energy assistance programs. For every at-risk customer, National Grid performs an in-home energy audit to determine the customer's needs. It's Affordability Payment Agreement "provides a payment plan with an arrears forgiveness component. These services are principally designed to assist customers in identifying and implementing energy efficiency measures thereby reducing their energy costs. The Company refers all participating customers to NYSERDA's Empower NY Program for energy efficiency efforts, education, and weatherization. The program is designed to provide immediate and long-term benefits. A customer enrolled in the program is placed on a twenty-four month payment agreement. Under the terms of the payment agreement, the customer is responsible to pay each month for a percentage of their total bill (95% electric only, 92.5% combined). In addition each month that the required monthly payment is made on time, the customer will receive a monthly arrears forgiveness of $20.00 for electric only service or $30.00 for electric and gas service. The remaining incremental bill amounts are deferred to the customer's arrears."

National Grid also offers a budget payment plan that equalizes bills over the year to help predict payments. It also offers its Payment Agreement Program, which "is for eligible customers who have fallen behind on their payments and cannot pay the bill in full. If you've fallen behind on your payments and can not pay your bill in full, you may qualify to pay the past-due balance over time. After we determine that you qualify for deferred payment and review your financial circumstances, we will offer you the opportunity to pay a specific amount toward your past-due balance each month." National Grid also applies a credit to accounts of low-income customers that are receiving HEAP payments for that month and the following 14 months. National Grid also allows customers on a fixed income up to 10 extra days to pay bills if the check from the fixed income source arrives after the bill is due. National Grid also funds "the Main Street/Commercial District Revitalization program[, which] provides matching grants of up to $50,000 per project to municipal and non profit development corporations' undertaking efforts to revitalize critical commercial corridors. This program is designed to assist communities in promoting 'smart growth' and private sector investment in central business districts and commercial corridors that help their competitive viability, attract investment and capitalize on their distinct development potential." The company also funds several other community development programs that benefit low-income communities but are not direct assistance to customers.

Community Programs
The Salvation Army, Red Cross, United Way, and St. Vincent de Paul all provide emergency assistance to low-income people in the Buffalo area.[110]

Partnerships
None.

[109] "Weatherization Assistance Program (WAP)." New York Division of Housing and Community Renewal. <http://www.dhcr.state.ny.us/Programs/WeatherizationAssistance/>
[110] "Utility Assistance." 211 Western New York. <http://www.211wny.org/Erie-County/Service-Category-List/category.aspx?category=Utility%20Assistance>

4.5. St. Louis, MO

Population: 356,587
Population Living in Poverty: 26.7%
Unemployment Rate: 9.6%

Racial Demographics:

45.3%	White
47.5%	African American
3.1%	Hispanic or Latino
0.2%	American Indian and Alaska Native
2.2%	Asian
0.0%	Native Hawaiian and Other Pacific Islander
1.6%	Two or More Races
0.1%	Other

How Energy Assistance Needs Are Being Met:

Government Programs

LIHEAP Eligibility: 135% of Federal Poverty Level

Maximum FY2010 LIHEAP Heating Benefit: $600
Maximum FY2010 LIHEAP Cooling Benefit[111]: $300

"Since 1977, more than 155,000 Missouri homes have been weatherized. The agencies provide weatherization services to eligible clients, as well as training and guidance. Newspaper, radio, television, utility bill stuffers and other advertising methods are used to publicize the services." "To apply for assistance, clients should contact their local weatherization agency. The agency will ask the clients to complete the appropriate forms, including income Documentation to verify eligibility. Once the client is verified as eligible, an auditor from the agency will conduct a pre-inspection of the home to determine what steps will produce the greatest energy savings. The next step is for the agency crew or contractor to install the energy efficient measures on the home. After the weatherization of the home is complete, a quality control inspector will examine the home to ensure the quality of work and completeness. The Division of Energy monitors the work of the agencies to ensure state and federal guidelines are followed."[112] "The state income guidelines are set at 200 percent of poverty to comply with the Federal WAP regulations."[113]

Shutoff Moratorium
Missouri's shutoff moratorium runs from November 1 to March 31, and when the temperature is less than 32°F (See Appendix A).

During Missouri's shutoff moratorium, the Energy Crisis Intervention (ECIP) "provides direct assistance once each winter to Missouri residential clients whose utility services are off or in threat of disconnection. […] Limited ECIP funds are also available during the summer months."[114]

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[111] "Michigan." LIHEAP Clearinghouse. <http://liheap.ncat.org/profiles/Michigan.htm>
[112] "LIWAP." Missouri Department of Natural Resources. <http://www.dnr.mo.gov/energy/weatherization/wx.htm>
[113] "Client Services." Missouri Department of Development manual for agencies. <http://www.dnr.mo.gov/energy/docs/wxmanual09-section2-clientservices.pdf>
[114] "Energy Assistance Guide." Ameren. <http://www.ameren.com/sites/aue/source/Residential/Documents/ADC_AU_AssistanceGuide.pdf>

Local Government Programs
None.

Utility Programs
Lacelede Gas Company offers "workshops on energy conservation to small groups of low-income customers through government agencies, civic organizations and churches. We will come to your location to conduct the workshop, supply informational materials and answer questions. There is no charge for these workshops."[115]

Lacelede also provides financing up to $2,000 for homeowners to make home energy efficiency improvements.[116]

Ameren Missouri (AmerenUE) is the electric utility provider for the City of St. Louis.

Ameren offers deferred bill payment for customers on fixed incomes. "Through this program established in 1986, Ameren Missouri allows customers receiving retirement benefits or disability payments to delay paying their Ameren Missouri bills for up to 11 days. This may allow customers to delay paying their bill until they receive their retirement or supplemental security income checks, helping to ease a budget crunch that might occur if the Ameren Missouri bill would arrive earlier in the month than benefit payments."

Ameren also helps some customers with weatherization grants. "Established in 1984, the Energy Plus Grants Program has awarded more than $850,000 to improve the weather-worthiness of the homes of elderly, low-income or handicapped residents. Non-profit organizations are eligible to receive these grants for a wide range of energy-related projects."[117]

Ameren has a weatherization program that is open to a limited number of customers and includes offering a video to customers as well as providing door evaluations, insulation, and furnace repair.

Ameren asks all customers to contribute one dollar more to their bills through its "dollar more" program. These funds are distributed to the United Way and other human service agencies that provide energy assistance programs.[118]

This year, Ameren began its "Keeping Current" low-income customer pilot program. The press release announcing the program read:

> "A two year pilot program designed to assist certain Union Electric Company d/b/a AmerenUE low-income customers pay their electric bills takes effect in August. The 'Keeping Current Low-Income Pilot Program' was part of an agreement reached by several parties in the last AmerenUE electric rate case before the Public Service Commission (PSC). The Commission approved the agreement on April 14, 2010. 'The Commission received testimony at several local public hearings on how difficult any rate increase would be on low-income residential customers already faced with great economic challenges,' said PSC Chairman Robert M. Clayton III. 'The Commission appreciates the efforts of those who worked to put together this pilot program which is designed to help those most in need with their electric bills.' The pilot program provides for tiered bill credits, arrearage forgiveness and a requirement for eligible customers to apply for available Low-Income Home Energy Assistance Program (LIHEAP) and weatherization assistance. The program will be funded by AmerenUE shareholders and its customers. For an AmerenUE residential customer, the program will cost $0.03 a

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[115] "Energy Smart." Laclede Gas. <http://www.lacledegas.com/customer/energysmart.php>
[116] "Insulation Financing Program." Pennsylvania Public Service Commission. <http://www.psc.mo.gov/consumer-information/Laclede%20En.pdf>
[117] "Energy Assistance." Ameren. <http://www.ameren.com/sites/aue/csc/Pages/AmerenUEEnergyAssistance.aspx>
[118] "DollarMore." Ameren. <http://www.ameren.com/sites/aue/source/DollarMore/Pages/home.aspx>

> month. To participate in the program, an electric customer must be registered with a designated Keeping Current Agency which includes Community Action Agencies (CAA) in AmerenUE's electric service area and additional social service agencies that also administer AmerenUE Dollar More energy assistance funds. Program eligibility will be income-based and all customers whose income is at or below 100 percent of the Federal Poverty Level (FPL) will be eligible to participate. In addition, customers who are LIHEAP eligible at 135 percent of the FPL, who use electricity for cooling and who are 1) elderly, 2) disabled or with a chronic medical condition, or 3) live in households with children five years of age or younger will also be eligible to participate. The agreement approved by the Commission was submitted by the Public Service Commission staff, the Office of the Public Counsel, AmerenUE, the Missouri Industrial Energy Consumers, the Missouri Retailers Association and AARP/Consumers Council. The agreement was reached after discussions among the parties following a February 10, 2010, order from the Public Service Commission. That order directed the parties to address concerns raised by AmerenUE's low-income residential customers at a number of local public hearings held by the Commission on the company's electric rate request. AmerenUE serves approximately 1.2 million electric customers in Missouri."[119]

Community Programs

"Heat-Up St. Louis, Inc. (and Cool Down St. Louis) is a regional non-utility, independent, all-volunteer, non-profit 501(c)(3), energy assistance charity that focuses on helping area elderly and disabled people, and low-income families, who can not afford to pay their high delinquent home heating or cooling bills in about 16 Missouri and Illinois counties, including the City of St. Louis. The charity is the safety net for area needy people, after all public, and utility funds have been exhausted. Heat-Up St. Louis becomes the life-line in many instances. In addition, the charity provides public education and awareness on summer and winter health and safety issues. Furthermore, the charitable group has a resource hotline providing utility counseling and referrals to area social service and community action agencies for those in need."[120] HeatUp St. Louis claims that 100% of every dollar given goes to help at-risk utility customers to pay for their bills. It provides grants between $100 and $600.[121] Since 2001, 70,000 people have received these grants and other assistance.[122] HeatUp St. Louis partners with 12 social service and community action agencies in the St. Louis area.[123]

St. Louis's community action agencies can help Ameren customers obtain LIHEAP, ECIP, DollarMore and DollarHelp (a fund operated by Lacelede gas that offers grants to low-income customers of up to $400) funds.

EnergyCare offers "energy assistance counseling, assistance in completing energy grant applications, emergency heating/cooling grants, home weatherization."

Several charities including the Human Development corporation and churches also offer emergency funds.[124]

Partnerships

The Committee to Keep Missourians Warm is a partnership of the Office of Public Counsel, Missouri Public Service Commission Staff, Missouri Division of Family Services, low-income advocates, and social service providers. The Committee meets monthly to discuss issues affecting low-income Ameren customers.[125]

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[119] "Pilot Program to Help AmerenUE Low-Income Customers with Electric Bills." Press Release. Commission. <http://www.psc.mo.gov/press-releases/electric/pr-11-18-pilot-program-to-help-amerenue-low-income-customers-with-electric-bills-1>
[120] "Annual Report." HeatUp St. Louis. <http://www.heatupstlouis.org/annual_report.pdf>
[121] "Missouri." Liheap Clearinghouse. <http://liheap.ncat.org/profiles/Missouri.htm>
[122] "Annual Report." HeatUp St. Louis. <http://www.heatupstlouis.org/annual_report.pdf>
[123] "Main Page." HeatUp St. Louis. <http://www.heatupstlouis.org/>
[124] "Energy Assistance Guide." Ameren. <http://www.ameren.com/sites/aue/source/Residential/Documents/ADC_AU_AssistanceGuide.pdf>
[125] "AmerenUE." EEI. <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/FedLegislation/LIHEAP/Pages/database.htm?appSession=335269809536826&RecordID=1365&PageID=3&PrevPageID=2&cpipage=1&CPIsortType=&CPIorderBy=>

Operation Weather Survival (OWS) and AmerenUE air conditioning program are United Way and American partnerships that include a coalition of government and community stakeholders "that convenes to share resources to aid vulnerable customers in severe weather conditions AmerenUEs air conditioning program is the primary resource available to OWS in the summer to assist low income customers with a medical need."[126]

[126] "Operation Weather Survival (OWS)" EEI. <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/FedLegislation/LIHEAP/Pages/database.htm?appSession=335269809536826&RecordID=1357&PageID=3&PrevPageID=2&cpipage=1&CPIsortType=&CPIorderBy=>

Table 4-1 summarizes the results of this case study. The final four columns are the judgments of the author of this report.

Table 4-1. Results of Case Study of America's Five Poorest Cities and Levels of Energy Assistance Available.

City	Population	% in Poverty	% Unemployed	LIHEAP Eligibility	LIHEAP Amount	State Weatherization Program Eligibility	Shutoff Moratorium	Level of State Assistance	Level of Local Government Assistance	Level of Utility Assistance	Level of Community Assistance
Detroit	910,848	36.40%	15.30%	110% of FPL for heating, 60% of state median income for crisis	$117 Average	200% of FPL	11/1 to 3/31	Low	None	Mid	Low
Cleveland	431,369	35.00%	12.80%	200% of FPL	$320 Average	200% of FPL	10/19 to 4/15	High	Low	Low	Low
Buffalo	270,221	28.80%	9.20%	60% of state median income or 150% of FPL (whichever is greater)	$900 maximum	60% of state median income	Two weeks encompassing Christmas and New Years holidays.	Low	None	High	Low
Milwaukee	605,027	27.00%	8.70%	60% of state median income	$490 Average	60% of state median income over past three months, no prior weatherization, or other certain qualifications such as a high energy burden/usage, or an elderly, disabled, or child household member	11/1 to 4/15	Low	None	High	Mid
St. Louis	356,587	26.70%	9.60%	135% of FPL	$600 heating maximum, $300 cooling maximum	200% of FPL	11/1 to 3/31 and when temperature <32°F	Low	None	High	Low

4.6. Case Study Analysis

The above case study of the American Community Survey's five poorest cities in America (Detroit, Cleveland, Buffalo, Milwaukee and St. Louis) reveals that low-income Milwaukeeans must rely more on the utility for assistance than other assistance sources. A comparable level of service is available in Buffalo and St. Louis, with Milwaukee exhibiting a high level of community assistance in part because of the Low Income Pilot's partnership with community service agencies. In Cleveland, the state provides a high level of service, which causes the other sources to provide a low level. In Detroit, the level of assistance available from any source is lackluster. Overall, the level of service available to Milwaukee's low-income population receives a high rating.

5. Best Practices

While the body of knowledge in academia and among energy policy experts is slim, there are some useful lessons to draw from these sources, as well as from the designers of successful programs. Emerging from these sources are best practices in energy assistance programs, such as how utilities and advocates should justify the programs, how regulators should evaluate programs, the necessity of community involvement and outreach by utilities, the necessity that programs include community organizations, the benefits of in-home energy audits, and the benefits of educational components in energy assistance programs.

Justifying a Program

Ken Costello, an expert on energy assistance programs at the National Regulatory Research Institute, wrote an article titled "Criteria for Determining the Effectiveness of Utility-Initiated Energy Assistance." This article defines criteria for regulators to use in examining energy assistance initiatives. The first fundamental issue is "[w]hether state public utility commissions should assure the affordability of utility service for low-income customers." Costello points out that the political appeal of a majority of ratepayers paying a small increase for significant benefits for a smaller, targeted group of low-income customers. Costello also explains the potential positive effects on a utility's finances. Because a utility is likely to only receive partial payments from low-income customers, if any payment at all, it has to incur increased collection costs. Costello advises, "The utility might be able to avoid collection, disconnection, and other costs by discounting the customers' bills. These cost reductions can more than offset the lost revenues from discounting and thereby increase the utility's net revenues." However, utilities and regulators must be careful not to lose efficiency by providing these programs. According to Costello, "Efficiency losses can result from: (1) recipients over-consuming energy when the subsidized price lies below the utility's marginal cost, and (2) an 'excessive' gap between the actual benefits to targeted participants and the subsidy cost absorbed by the utility or general ratepayers (e.g., utility customers pay $10 million to subsidize low-income households, who benefit by only $7 million)."

John Howatt of the National Consumer Law Center states that ratepayer-funded programs to help low-income customers have reliable, predictable and robust funding streams, whereas appropriations (like LIHEAP) are "subject to fiscal ups and downs and annual debate" and fuel funds are subject to fluctuations and are often not sufficient enough to fund the overall needs. Howatt also advocates that utilities make their business case (why and how all customers and/or shareholders benefit) when proposing energy assistance programs.[127]

In making that business case, Roger Colton, an energy expert with Fisher, Sheehan and Colton, a Boston-based law firm that specializes in regulatory economics, advocates for utilities to perform a cost-benefit analysis of whether the program does a better job of collecting revenue at a lesser cost than the available alternatives.[128]

Evaluating Energy Assistance Programs

Costello also advocates for the other advantages that energy assistance programs can provide to regulatory goals. Weatherization provided to low-income households at no cost to the household, "for example, not only makes energy more affordable but also promotes energy efficiency; it can also reduce collection costs, service disconnections, debt write-offs ('uncollectibles'), and arrearages ('past-due bills'). Other energy assistance actions can also mitigate collection problems that financially affect utilities and their non-poor customers." Costello advises regulators to "consider the compromising effects that advancing affordability has on economic efficiency and discriminatory-free rates."

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[127] Howat, John. "Payment Assistance Advocacy – Defining the Terms of the Debate." Presentation. National Energy and Utility Affordability Conference. 2010.

[128] Colton, Roger. "Getting back to our roots: On Increasing Utility Prices and the "Business Case" for Low-Income Rates." Presentation. National Energy and Utility Affordability Conference. 2010.

Costello has also developed six general questions for regulators to ask themselves when evaluating energy assistance proposals:

1. "What is the rationale for utilities offering energy assistance to low-income customers?
2. What primary objectives should energy assistance have?
3. What should be the dollar amount of assistance?
4. Who should provide the funding?
5. What mechanism(s) should fund energy assistance?
6. What should be the specific assistance actions (or mechanisms), keeping in mind other regulator objectives?"

While the LIP has been evaluated largely on the basis of retention, reducing arrears, increased payments by customers, the provision of information on conservation and personal finances, decreased disconnections, and reduced address changes, Costello identified nine criteria for determining the effectiveness of energy assistance programs. Keeping in mind that "no single energy assistance action comes out favorably in meeting all criteria," "regulators should consider any action that satisfies the vast majority of these criteria as desirable." The nine criteria are:

1. "Benefits should accrue only to low-income households.
2. The recipients of energy assistance should receive maximum benefits relative to the dollars spent.
3. Consumer information and education should make eligible households aware of the available assistance and ways to reduce their energy bills.
4. Benefits to recipients of energy assistance should positively correlate with their actual energy costs or energy burden.
5. Energy assistance should avoid large efficiency losses or cross-subsidization.
6. Energy assistance should have reasonable administrative and implementation costs.
7. Funding should have a tolerable financial effect on individual subsidizing customers.
8. Energy assistance should result in reduced collection costs, service disconnections, arrearages, and debt write-offs.
9. Energy assistance should promote equity."[129]

Community Involvement and Outreach

Entergy, a utility delivering electricity to 2.6 million customers in Arkansas, Louisiana, Mississippi and Texas has become a frequent case study in effectively providing energy assistance to low-income customers. Entergy points out that its territory includes four of the top five most impoverished states. According to Linda Barnes, Entergy's manager of low-income initiatives, "The sheer number of families in our region living in poverty is overwhelming." On top of the underlying problems, the 2005 Atlantic hurricane season, in which major hurricanes Katrina and Rita devastated its service region, presented a unique challenge. Entergy has been praised for its success in helping its low-income customers through the crises and offers these tips from their successful strategies:

- "Set corporate incentive measures—Entergy set weatherization education as a corporate goal and encouraged employees and retirees to contribute by matching volunteer time with grants.
- Distribute grants to community action agencies—Grants allow for customer education and conservation programs at the local level.
- Create an ally network—Relationships with agencies and advocacy groups allow the utility to reach those organizations' clients.
- Host community outreach programs—These help establish direct connections with consumers.

[129] Costello, Ken. "Criteria for Determining the Effectiveness of Utility-Initiated Energy Assistance." The Electricity Journal. Vol. 23, Issue 3. April 2010.

- Hold annual low-income development summits—These meetings with community action agencies allow Entergy to provide training, communicate about new programs and identify future needs.
- Keep advocates informed—Entergy has a newsletter that informs the ally network about programs and keeps energy efficiency top-of-mind.
- Offer agencies printed materials—Entergy has a fulfillment center that distributes bulk materials to advocates for distribution.
- Connect with churches in rural areas—Church leaders are strong spokespersons and good recruiters for volunteers."

Entergy has successfully done these things, which has increased its corporate profile, increased dialogue with customers and advocates, and helped them create a plan to address customers' needs in the wake of America's most costly environmental disaster.[130] It can serve as a model for the value of community involvement and outreach by utilities.

Community Organization Involvement

Utilities often remove community organization involvement from energy assistance programs because of increased administrative costs. However, several academics have argued against this. According to Chartwell, a research organization devoted to the utility industry, "Successful utilities regularly interface with organizations in their network to keep the energy efficiency programs top of mind. The array of available social programs and resources can be massive and difficult for them to keep track of, and energy efficiency programs must vie for attention. Special community events, seminars and printed material all help cement the relationship." Entergy has successfully used its network to help its future. "Regular meetings with agency personnel also provide Entergy with feedback and insight into future needs. Entergy also fuels the relationships through its Advocate Power newsletter and a fulfillment center that enables advocates to order bulk materials, such as brochures, to provide to clients." The involvement of community agencies can also help keep customers informed of the programs it provides, reach customers with special needs, overcome language and cultural barriers, and put a middle man between the customer and the utility. According to program managers, it can sometimes be difficult for customers to trust the utility when it offers an assistance program. Virginia Walsh, Marketing Coordinator at Long Island Power Authority, told Chartwell, "I think there's a certain basic distrust of utilities. That's the sense I get when I'm out in a crowd."

Program Eligibility

This report's survey of types of programs found that for low-income customers, most programs follow (or slightly expand upon) the state's eligibility criteria for LIHEAP. Many programs also include the elderly, people with disabilities, those experiencing an emergency, and active duty members of the military. The more comprehensive programs include all of these potentially at-risk populations. There does not appear to be a best practice, though common practice is to include the entire at-risk population.

Initial Energy Audits

Because every home and customer is different, individualized in-home energy audits provide a best practice in where to start. They provide a starting point for the utility, community organizations and the customer to identify what type of program will work and is needed for the customer. Audits can also easily identify and immediately address weatherization needs. The heavy administration and customer contact/case management that is needed at the front end of the program generally offsets the savings to both the customer and utility.

Chartwell identified National Grid's (National Grid serves customers that live on either side of the Hudson between New York City and Albany, NY, but does not serve those cities) approach as a best practice. Its program includes a comprehensive in-home audit to identify weatherization and other energy efficiency

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[130] "Low Income Energy Efficiency Programs." Chartwell, Inc. February 2007.

necessities and other measure that can be taken to reduce usage. It sends an auditor to the home with a software program that "was created in-house to detail savings calculations for each appliance and give suggested actions. The software enables use of a 24-month billing history – sent electronically directly to the auditor from National Grid – to reliably [calculate] the customer's consumption. Refrigerators and high-use appliances are metered; the software provides data on the top 10 appliance categories in the home in terms of electric use and how much each category contributed to the electric usage of the home. The data is presented in graph form because National Grid has found that visualizing their electric usage helps customers prioritize their actions, explains David Legg, principal analyst. 'We've evaluated the program multiple times [including] following up on how many customers are actually implementing the actions,' he adds. 'We found, on average, customers implement three to four actions per household.'"[131]

Education Component

A necessary component of energy assistance programs is education. The Task Force stakeholders agree that the education component has merit, though they disagree on what it will look like. Several programs have had success with workshops, in-home audits, and case management models of customer education.

However, there exists a disconnect between learning and applying the knowledge. According to APPRISE policy expert Jackie Berger's 2008 presentation to the National Energy and Utility Affordability Conference, Colorado legislated an education program to provide "immediate savings to a large group of households." Her presentation reviewed three education program models. The first was a direct install, where resources were directed to targeted neighborhoods and households and energy efficiency measures and information was furnished immediately. The second was a workshop model where group and one-on-one work was done away from the home to educate the customer on energy efficiency and customers were left with an energy kit (light bulb, showerhead, hot water thermometer, fridge/freezer thermometer, energy guide and instruction manuals). The third model was mailing a kit that contained two light bulbs, a showerhead, and energy-saving literature. All of the participants in the model were also given a survey to assess each model's effectiveness, the recall and retention rate, energy saving actions, satisfaction with the measures, and household savings. In the case of the light bulbs, those attending workshops and receiving mailings used them half as much as those who received a direct install. The showerhead received a gradual decline in usage from 55% using after direct install, 44% after the workshop, and 31% after a mass mailing. When participants were asked about changes in energy usage behavior, those attending a workshop changed the most, with 57% reporting a change. Only 26% and 25% of direct install customers and mass mailing customers declared a change in behavior, respectively. In nearly every category (reduced heat and air conditioning, discarded unused refrigerator, turn off computers not in use, turn off lights not in use, wash clothes in cold water), those attending workshops changed behavior more than their counterparts. However, kWh savings estimates were highest among those receiving a direct install, and they also reported the highest net value.[132]

Quantec, which provides research services to the utility industry, also examined education programs. It compared ten programs in seven states and "found the most effective energy education includes client-specific messages, an action focus, a highly interactive atmosphere with hands-on learning opportunities, the translation of energy impacts to dollars saved, written commitments from clients, and follow-up with participants."

Best practices, according to Quantec, include the need to "educate participants on the energy using equipment in their homes," "appeal to different learning styles," "connect energy to money," "gift low-cost, energy-efficiency measures (light bulbs, showerheads, aerators)," "engage children in energy efficiency," "schedule energy

[131] "Low Income Energy Efficiency Programs." Chartwell, Inc. February 2007.
[132] Berger, Jackie. "Impact of Consumer Education Based Programs." APPRISE. 2008 National Energy and Utility Affordability Conference.

education in coordination with the LIHEAP application process," and "hold sessions in coordination with other agency activities or in conjunction with community events."[133]

According to the APPRISE survey, the learning and applying disconnect does exist with those attending workshops. They reported changing their behavior the most, but did not receive the benefits that the direct install participants had. While this does not settle what type of education is best, it does provide a best practice for evaluating the results of education components. It also suggests that having both a direct install (or in-home service of some kind) and workshop will change behavior and save low-income customers and the utility money. According to the Quantec results, there are numerous best practices that should be employed, including in-home, classroom, and child involvement.

Improving Outcomes
APPRISE evaluated four utility programs in Pennsylvania, where utilities are required to have Customer Assistance Programs (CAPs), and found several program components that may improve outcomes. These included:

- "Providing benefits to customers that are related to the amount of assistance that they need.
- Allowing customers to continue to participate in the program, even after they have paid off their full arrearage.
- Providing an arrearage forgiveness component that is tied to bill payment compliance, and educating customers about this requirement.
- Providing customers with an incentive to apply for LIHEAP assistance.
- Charging the customers an amount that is at least as much as they paid in the year prior to enrollment.
- Providing the customers (even those who do not participate in the program) with a fixed monthly payment."

Where No Best Practice is Clear
There is no clear best practice available for enrollment procedures, program funding, and failure criteria. These program components vary widely by utility. Enrollment is done by many methods and by the different program administrators (government, utility or community organization) over the phone, online, or at the administering agency's door. Common practice is for program funding to come from several sources including utility operating funds, utility employee or shareholder donations, utility matching funds, government sources, fuel funds, and private donations. Failure criteria commonly include missing a monthly payment or not complying with some other program requirement, though no best practice is clear. Some of the lack of best practices with these components can be explained by the variations in statute and regulation by states.

[133] Drakos, Jamie. "Impact of Flipping the Switch: Evaluating the Effectiveness of Low-Income Residential Energy Education Programs." Quantec. 2008.

6. CONCLUSIONS

There are four issues that the Low Income Task Force is addressing: customer payments, arrears, disconnects, and usage. These problems have been addressed by several discrete policy systems that are often disjointed and administered with little to no coordination.

Payments
To address payment, the federal government has established LIHEAP and loan programs; state governments have instituted percentage of income payment plans (PIPP), have required utilities to offer energy assistance programs, provided emergency assistance, created tax rebates and credits, mandated discounts, and created funds to distribute assistance money; and municipal governments rarely have emergency assistance or loan programs available.

Utilities have created programs like LIP, and have offered budget programs, financial education, bill credits, discounts, and emergency assistance from funds.

Community organizations have created direct assistance programs to help at-risk populations with energy needs, and have partnered with governments and utilities to administer their energy assistance programs.

Arrears
To address arrears, utilities have created programs that include a forgiveness component if participants meet certain requirements while in the program.

Disconnects
To address disconnects, states have established varying levels of shutoff moratoriums. These include date and temperature-based moratoriums, though not all states have either one.

Usage
To address usage, the federal government and state governments have created weatherization programs that lower customers' bills and provide an investment into the home. Utilities and community organizations have also created weatherization programs and sometimes provide in-home audits and conservation/efficiency education programs.

Based on a case study of similarly impoverished cities, Milwaukee stacks up well in terms of its level of available energy assistance. However, without LIP, Milwaukee's low-income population will be in a comparatively worse situation.

A review of best practices provides some useful context for evaluating LIP and can guide the discussion on modifying or replacing it.

7. Recommendations

There are two broad recommendations based on this report's survey of programs, its case study of Milwaukee and other impoverished cities, and its review of best practices. The first is within the Task Force's mission of addressing the lack of energy assistance available to the Milwaukee-area low-income population that the Public Service Commission of Wisconsin's decision will lead to. The Low-Income Task Force should propose a modified LIP that includes both the best/common practices identified, and retains the LIP program components that are successful and in line with best/common practices. The second is a recommendation to encourage and facilitate the development of a comprehensive policy system to address energy assistance needs.

Modify LIP
The Task Force should propose modifications to LIP based on the best practices, and the common types/practices of programs outlined in this report. Those practices and program components are as follows:

- Provide initial in-home audits (with a weatherization component);
    - In-home audits have been identified as a best practice in evaluating the needs of customers and are a best practice for opening households to providing energy efficiency training and weatherization service.
- Continue education component, but pilot different types of education (workshops, schools, mailings) to determine whom to target with which type of education and to determine each method's effectiveness;
    - There is general agreement among experts that education is a necessary component of any energy assistance program, but the learning versus applying disconnect remains a significant hurdle that pilot programs could work to nullify.
- Expand enrollment cap and time period as pragmatic.
    - There are programs similar to LIP with tens of thousands of participants taking part for longer periods of time. Some of these programs even demonstrate a better retention rate and are permanent programs.

These modifications should be proposed while also proposing retention of the components of LIP that are sound and in line with best practices and other programs similar to LIP:

- Continue community organization involvement;
    - This component is a common component amongst programs similar to LIP and is identified as a best practice.
- Continue to follow state LIHEAP eligibility.
    - This is both a common and best practice identified in the literature review conduced for this report.
- Include the community organization's current case management component that automatically enrolls participants in other assistance programs available to them if they are willing.
    - This component significantly helps participants attain self-sufficiency in areas other than utility bills.
- Tie forgiveness to payment;
- Require participants to receive LIHEAP.

Other recommendations:

- The Task Force must recognize the Public Service Commission's concerns, and ready stopgap measures if its proposal is rejected.
- The Task Force stakeholders should continue an open dialogue (perhaps a monthly meeting) about the program that is proposed/created and other energy-related needs of the Milwaukee-area at-risk population.

    - This will help the stakeholders remain in communication and able to share concerns and jointly evaluate the progress of implementing the proposal if it's approved, or discuss alternative solutions if it is rejected.
    - This has been identified as a best practice.
- The stakeholders should explore legislative options targeting the energy assistance needs of Milwaukee-area and Wisconsin-wide at-risk populations.
- The Task Force should consider proposing a permanent program that has some components as pilots, especially those components that the Public Service Commission of Wisconsin was most concerned about.
- The Task Force should be prepared to justify every piece of its proposal, while being mindful of the evaluation criteria laid out by best practices.

This population is We Energies customers and is everyone's neighbors with or without this program, and the Public Service Commission needs to see the results/consequences of having a program versus not having a low-income energy assistance program.

Create A Comprehensive and Individually Tailored Policy System

The Task Force is focused on creating a program to replace or modify LIP. A comprehensive approach from all stakeholders in Wisconsin's low-income energy assistance policy system is needed to attack the four policy problems (payments, arrears, usage and disconnects). This charge is seemingly outside of the Task Force's current mission.

Based on this report, the government, utility, and community stakeholders of the Low Income Task Force should encourage and facilitate the establishment of a comprehensive and coordinated policy system to address the energy needs of Wisconsinites that are somehow at-risk, low-income, elderly, people with disabilities, and active duty members of the military.

There is no best practice identified that addresses all at-risk customers' energy needs. However, a comprehensive policy system would include:

- Simplified enrollment gateways that also offer customers the opportunity to enroll in all benefits programs for which they qualify.
- Evaluation mechanisms (an in-home audit, where pragmatic, according to best practices) for eligibility and need.
- Placement in appropriate component(s) (as some customers will need more or less assistance than others, and some will need different types) within a comprehensive benefits matrix that includes components administered by the government, utility, and community organizations (payment/budget plan, arrearage forgiveness plan, discounts/bill credits, education, weatherization, and case management).
- A mechanism for periodic evaluation of progress towards self-sufficiency.

This program's systematic enrollment, evaluation, and tailored benefits matrix would address the needs of each at-risk customer and give the customer the tools needed to attain self-sufficiency. This type of program would require significant resources from the government and utility. It would also require the state to pass legislation. While this may not be politically viable on a statewide scale, a pilot program could evaluate this comprehensive and tailored approach, and potentially open the door to a large-scale implementation.

Appendix A. SHUTOFF MORATORIUMS BY STATE

Source: Available from the LIHEAP Clearinghouse at
<http://liheap.ncat.org/Disconnect/SeasonalDisconnect.htm>

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
Note: These policies may not apply to all utilities in a given state. In general, municipal utilities and rural electric cooperatives are not regulated and the policies do not apply to them. For more details and consumer referrals, see state disconnect narratives.					
Alabama	no		Yes	<32° F	
Alaska	no		No		No disconnect for seriously ill, disabled.
Arizona	no		Yes	<32° F	
Arkansas	yes	11/1-3/31 12/1-3/31	Yes	<32° F or >95° F	No disconnect for elderly or disabled or medical emergency.
California	no		no		
Colorado	no		no		
Connecticut	yes	11/1 - 5/1	no		No disconnect for hardship customers.
Delaware	yes	11/15 - 4/15	yes	20° F or below	
District of Columbia	no		yes	<32° F	
Florida	no		no		
Georgia	yes	11/15 - 3/15 and summer months	yes	<32° F or Nat. Weather Service Heat Advisory or Excessive Heat Warning in effect	No disconnect if illness would be aggravated.
Hawaii	No		no		
Idaho	yes	12/1 - 2/28	no		Disconnect ban for households with children under 18, elderly age 62 or older, or infirm.
Illinois	yes	12/1 - 3/31 and summer months	yes	<32° F >=95° F	
Indiana	yes	12/1 - 3/15	no		Prohibits disconnect if customer qualifies for public assistance.
Iowa	yes	11/1 - 4/1	yes	<20° F	

Kansas	yes	11/1 - 3/31	yes	< 35° F	
Kentucky	No		no		
Louisiana	No		no		
Maine	yes	11/15 - 4/15	no		Must agree to special payment arrangement
Maryland	yes	11/1 - 3/31	no	<32° F or below or if the temperature exceeds 95 degrees for 24 of the next 72 hours	
Massachusetts	yes	11/15 - 4/30(electric) 11/15 - 4/30 (gas) DPU asked regulated utilities to extend protection to May 1	no		Disconnect not permitted if household includes child <12 months, seriously ill member or all residents are 65 or older. If the elderly household is low-income and includes a minor, the protection against termination will apply.
Michigan	yes	11/1 - 3/31	no		Winter Protection Plan for elderly 65 years or older, recipients of Medicaid, Food Stamps or state emergency relief, full- time active military personnel or persons needing critical care or having a certified medical emergency. Households with income less than 150% of federal poverty guidelines must be enrolled in a payment plan.
Minnesota	yes	10/15 - 4/15	Disconnect ban for residential		

			electricity service when an excessive heat watch, heat advisory, or excessive heat warning has been issued by the National Weather Service		
Mississippi	yes	12/1 - 3/31	no		
Missouri	yes	11/1 - 3/31	yes	< 32° F	
Montana	yes	11/1 - 4/1	yes	No disconnect when the temperature at 8 a.m. is below 32° F or if freezing temperatures are forcast for the next 24 hours for customers receiving public assistance or if household member is age 62 or older or disabled.	
Nebraska	yes	11/1 - 3/31	no		No disconnect for low-income natural gas customers with proof of eligibility for energy assistance.
Nevada	No		no		
New Hampshire	yes	11/15 - 3/31	no		
New Jersey	yes	11/15 - 3/15	yes (summer)	95^{o} or above	Disconnect ban for customers receiving Lifeline, LIHEAP, TANF, SSI, PAAD or GA or households unable to pay overdue amounts due to unemployment, medical expenses, or recent death of spouse. If eligible for

					Winter Termination Program, can't disconnect if 90° F or above for following 48 hours.
New Mexico	yes	11/15 - 3/15	no		Must be current with payments or have entered into a payment agreement and are current with that aggreement by Nov. 15
New York	yes	2-week period encompassing Christmas and New Years	no		
North Carolina	yes	11/1 - 3/31	no		No disconnect for elderly, disabled, and customers who are eligible for the Energy Crisis Assistance Program.
North Dakota	No		no		
Ohio	yes	10/19 - 4/15	no		Medical certification program.
Oklahoma	yes	11/15 - 4/15	yes	<32° F (daytime), <20° F (night) or >103° F	
Oregon	No		no		
Pennsylvania	yes	12/1 - 3/31	no		
Rhode Island	yes	11/1 - 4/30	yes	No termination if National Weather Service issues a heat advisory or excessive heat warning.	Disconnect ban for elderly, disabled, seriously ill, households with child under 2 years old, or recipients of unemployment compensation, federal heating assistance or have income 75% or less of state median income.
South Carolina	No		yes December 1-March 31	Disconnection is suspended when the average forecasted temperature is 32° F or below for a 45-hour	

				period.	
South Dakota	yes	11/1 - 3/31	no		
Tennessee	no		yes	<32° F	
Texas	no		yes	<32° F or during heat advisory	No disconnect for elderly 65 years or older and critical care customers until Oct. 1.
Utah	yes	11/15 - 3/15	no		
Vermont	yes	11/1 - 3/31	no	<10° F or <32° F for households with elderly age 62 or older.	
Virginia	no		no		
Washington	yes	11/1 - 3/31	no		
West Virginia	yes	12/1 - 2/28	no		
Wisconsin	yes	11/1 - 4/15	yes		Prohibited when heat advisory from the National Weather Service is in effect.
Wyoming	yes	11/1 - 4/30	yes	Disconnection only if above 32° F	

APPENDIX P – BEST PRACTICES PRESENTATION

Energy Assistance

An Exploration of Solutions to Low-Income Populations' Energy Needs

Presented By: Michael Bare, Independent Research Consultant

Retained By: David Riemer, Community Advocates Public Policy Institute

Community Advocates Public Policy Institute

Presented To: Low Income Pilot Task Force

Outline

- What Energy Assistance Programs Address
- Types of Programs
  - Government Programs
    - Federal
    - State
    - Municipality
  - Utility Programs
  - Community-Based Programs
  - Partnership Programs
- Case Studies of Impoverished Cities
  - Detroit
  - Cleveland
  - Buffalo
  - Milwaukee
  - St. Louis
- Best Practices
- Conclusions and Recommendations
- What to Take Away

What Energy Assistance Programs Address

- Low-Income Populations' Problems With:
  - Payments
  - Arrearages
  - Usage
  - Disconnects

Types of Programs

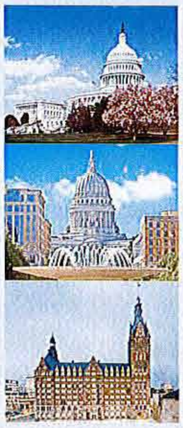
- Government Programs

- Utility Programs

- Community-Based Programs

- Partnership Programs

Government Programs



- Federal
- State
- Municipality

Federal Government Programs

LIHEAP
Low-Income Home Energy Assistance Program

The Low-Income Home energy Assistance Program (LIHEAP)

LIHEAP is a block grant program for states, tribes and territories.

Program provides households with incomes at or below 150% of federal poverty level, or 60% of state median income, whichever is higher. States can, however, set lower limits.

According to the Department of Health and Human Services, 5.4 million households receive heating or winter crisis payments, and 600,000 households receive cooling assistance.

Source: Congressional Research Service

Federal Government Programs

The Weatherization Assistance Program (WAP)

The U.S. Department of Energy (DOE) provides funding to states, U.S. territories, and tribes to manage weatherization programs.

The governments partner with local community-based organizations and local governments to provide services to low-income populations.

Over the past 33 years, WAP has weatherized 6.4 million homes.

Families receive an annual average savings of about $437.

Source: U.S. DOE

Federal Government Programs

USDA Rural Development

Committed to the future of rural communities.

USDA Loans for Rural Homeowners

The U.S. Department Agriculture provides loans to low-income rural homeowners which can be used to repair or modernize a home, including weatherization and efforts to remove health and safety hazards.

Loans are provided up to $20,000.

Loans can be matched by state for up to $7,500.

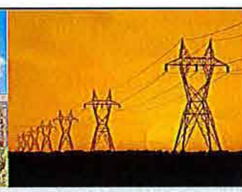
Loans are made at 1% interest over 20 years.

Source: USDA

Federal Government Programs

Policy Map

State Programs	Payments	Arrearages	Usage	Shutoff
LIHEAP	X			
WAP	X		X	
Loans	X		X	



State Government Programs

States that Require Utilities to Have Energy Assistance Programs

Connecticut requires all public gas utilities to operate an arrearage forgiveness program.

California's Alternate Rates for Energy (CARE) provides 20% rate discounts on electric and gas bills.

Pennsylvania mandates that utilities operate customer assistance programs (CAP).

Maine requires transmission and distribution utilities to create low-income assistance programs (LIAP).

State Government Programs

States that Have Established bill Assistance Programs

Both Ohio and Illinois have legislated Percentage of Income Payment Programs (PIPP). In OH, 10% of a low-income customer's income goes to gas, and 5% to electric. In IL, 6% of a low-income customer's income goes to the utility.

Maryland's Electric Universal Service Program (EUSP) is a state-operated program that provides bill assistance and arrearage forgiveness.

The Oregon Energy Assistance Program (OEAP) provides bill payment and crisis assistance to low-income Oregonians. In 2006, the program served 66,000 clients.

State Government Programs

Shutoff Moratoriums

Eleven states have no shutoff moratorium at all:
- AK (except for ill and people with disabilities), CA, CO, FL, HI, KY, LA, NV, ND, OR and VA.

17 states do not have date-based shutoff moratoriums:
- AL, AK, AR, CA, CO, DC, FL, HI, KY, LA, NV, ND, OR, SC, TN, TX, and VA

Thirty-one states have no temperature-based moratorium. Those states that do have temperature-based moratoriums often disallow shutoffs when the temperature is below 32°F or above 95°F or when a heat advisory or warning is in effect.

State Government Programs

Conditional Shutoff Moratoriums

During Michigan's moratorium, eligible customers can make monthly payments of at least 7% of their estimated annual bill, along with a portion of past-due amounts and avoid shutoffs.

Ohio has a Winter Reconnect Order, which allows customers with disconnected electricity or the threat of a disconnection to pay $175 and possibly a reconnection fee of no more than $36 to restore or maintain service.

State Government Programs

Weatherization and Usage

States administer the federal Weatherization Assistance Program (WAP).

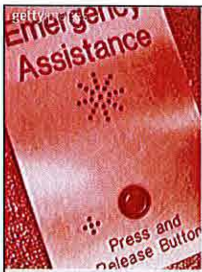
Nevada's Universal Energy Charge (UEC)

Efficiency Vermont

Oregon's Public Purpose charge

Ohio's Universal Service Fund (USF) operates the Electric Partnership Program (EPP)

Pennsylvania requires the state's 15 major gas and electric utilities to participate in the Low Income Usage Reduction Program (LIURP).

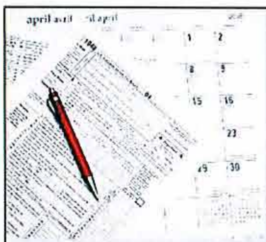


State Government Programs

Emergency Relief

Several northern states have emergency assistance funding available for low-income households.

- Michigan's State Emergency Relief (SER)
- Indiana's "Poor Relief"
- New Hampshire's Local Welfare Offices
- Vermont's general assistance fund



State Government Programs

Tax Rebates and Credits

Colorado tax/rent/heat rebate

Michigan home heating tax credit

Wyoming rebate to people with disabilities and seniors

State Government Programs

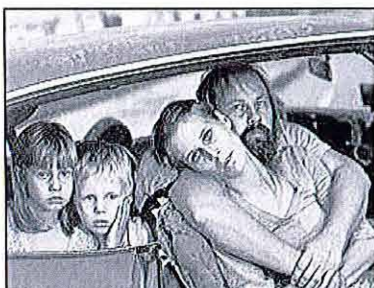
Discounts and fee Waivers

Common.

Massachusetts law requires utilities to provide discounts.

Minnesota law requires utilities with more than 200,000 customers (applies only to Xcel Energy) to discount rates by 50% on the first 300kWh of low-income households' usage.

Georgia requires utilities to waive monthly fees for seniors who own their home and have annual income below $12,000.



State Government Programs

Homelessness Prevention

Many states have homelessness prevention programs that have components aimed at energy assistance.

Massachusetts's Resident Assistance for Families in Transition (RAFT) program provides grants of up to $3,000 to families in danger of homelessness. Funds can be used towards utility bills, among other things.

State Government Programs

Funds

States have established funds to pay for energy assistance:

- Texas System Benefit Fund (SBF)
- Vermont Weatherization Trust Fund (WTF)
- Illinois's Supplemental Low-Income Energy Assistance Fund (SLEAF)
- Kentucky's WinterCare Fund

Unfortunately, many of these funds are raided by state legislatures to fund needs other than low-income energy assistance.

State Government Programs

Policy Map

State Programs	Payments	Arrearages	Usage	Shutoff
Bill Assistance Programs	X	X		
PIPP	X	X		
Emergency Relief	X			
Tax Rebates and Credits	X		X	
Discounts	X			
Fee Waivers	X			
Funds	X	X	X	
Emergency Relief	X			
Forgiveness Programs		X		
Weatherization			X	
Energy Efficiency Programs	X		X	
Date-Based Moratoriums				X
Temperature-Based Moratoriums				X
Conditional Moratoriums	X	X		X

Municipality Programs

Emergency Assistance

Several big cities operate emergency assistance programs.

Chicago's Emergency Housing Assistance Program (EHAP) provides grants for low-income households that are in serious disrepair. Funds help fix problems in homes that cause energy inefficiency.

The City of Leesburg, FL, provides $100 grants through its Citizens Utility Relief Effort (CURE). The grants are generally used in the event of sudden unemployment or illness/injury.

Municipality Programs

Discounts

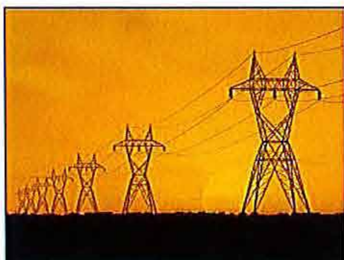
A few cities and counties require utilities to provide discounts for low-income customers, customers with disabilities, and those who are elderly.

The City of Ashland, OR, for example, makes utility discounts available to Ashland residents over the age of 65 who qualify as low-income. They receive a 20% to 30% discount on City utilities (water, wastewater, and electric).

Municipality Programs

Policy Map

Municipality Programs	Payments	Arrearages	Usage	Shutoff
Emergency Assistance	X			
Discounts	X			



Utility Programs

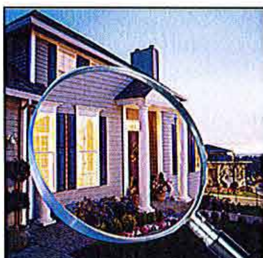
Programs Like LIP

Berkshire Gas - Residential Arrearage Management Program
Central Hudson Gas & Electric - Powerful Opportunity Program
Ameren UE - Keeping Current
NSTAR - Arrearage Forgiveness Program
Connecticut Light & Power - NUSTART
FirstEnergy - Customer Assistance Program
National Fuel - Low Income Residential Assistance
Dominion Peoples - Customer Assistance Program
Philadelphia Gas Works - Customer Reliability Program
T.W. Phillips - Energy Help Fund
PPL Electric Utilities - On Track

Programs Like LIP

See Page 15 of report for full table.

Utility	Program	Reduced Payment	Arrearage Forgiveness	Conservation Education	Financial Education	Weatherization Referral	Interview Prior to Enrolling	Retention
We Energies	Low-Income Pilot	X	X	X*	X*	X	X	First year: 38.4%, First two years 22.6%, First three years 10.2%
NSTAR	Arrearage Forgiveness Program	X	X			X	X	"Not very successful"
Connecticut Light & Power	NUSTART		X		X	X	X	10-20% participant retention over 36 months
FirstEnergy	Customer Assistance Program	X	X	X	X			Not defined by participant retention. 92% to 80% of amount billed to participants paid
National Fuel Gas Distribution Corp	Low Income Residential Assistance	X	X	X		X	X	[illegible] rate in 2005 program year 53% retention rate over 12-24 month period
Dominion Peoples	Customer Assistance Program	X	X					[illegible] participants have over two years of continuous participation
Philadelphia Gas Works	Customer Reliability Program	X	X	X		X	X	65% retention rate over 12 months
T.W. Phillips	Energy Help Fund	X	X				X	30% retention rate over 24 months
PPL Electric Utilities	OnTrack	X	X	X		X	X	[illegible] participant retention (remain in program until arrears are forgiven)



Utility Programs

In-Home Audits and Weatherization

There are several utilities that provide in-home audits and weatherization.

- San Diego Gas & Electric Company's Energy Team Program
- Alameda (CA) Municipal Power's Energy Assistance Program

Utility Programs

Bill Credits

Some utilities offer credits on low-income customers' bills in the total amount of a fee, or partial amount of fee, or a predetermined amount.

- Flathead Electric Cooperative in Montana offers an $8 credit, which equals half of customers' monthly basic charge.

Utility Programs

Discounts

Nearly all utilities offer some kind of discounted rates for various at risk populations. The discounts are targeted to help those with medical equipment needs, the elderly, people with disabilities, and active duty members of the military. Amounts and how the discount is applied vary greatly.

Utility Programs

Education

Education is a common component to energy assistance programs.

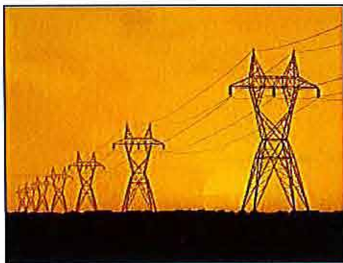
- In-Home
- Workshops
- School
- Mailings

Utility Programs

Funds

Many utilities have established funds that benefit low-income customers.

- Customer Donations
- Employee Donations
- Shareholder Donations
- Matching Donations By Utility
- Combination of Donors



Utility Programs

Policy Map

State Programs	Payments	Arrearages	Usage	Shutoff
Holistic LIP-Like Programs	X	X	X	X
In-Home Audits	X		X	
Weatherization	X		X	
Bill Credits	X			
Discounts	X			
Education	X		X	
Funds	X	X	X	

Community-Based Programs

Overview

There are many community-based programs that are operated by non-profit agencies and social service agencies.

These organizations raise funds from private sources and are sometimes funded by utilities and state-established funds.

They also vary in the level of service they provide – from emergency assistance only, to a holistic approach.

Community-Based Programs

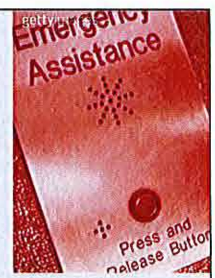
Community Action Agencies

Local Community Action Agencies often take the lead as administrators of low-income energy assistance programs.

These agencies are nonprofit private and public organizations established under the Economic Opportunity Act of 1964 to fight America's War on Poverty.

Today there are approximately 1,000 Community Action Agencies, serving the poor in every state as well as Puerto Rico and the Trust Territories.

Community-Based Programs



Emergency Relief Organizations

Through their national networks, relief organizations like the United Way, Red Cross and Salvation Army provide local energy assistance.

These groups generally provide emergency assistance only, but in some areas, they serve as partners to utilities, social service agencies, or fuel funds to administer low-income energy assistance programs.

Community-Based Programs

Policy Map

Community-Based Organizations	Payments	Arrearages	Usage	Shutoff
Community Action Agencies	x		x	
Emergency Relief Organizations	x			

Partnership Programs

Overview

There are many energy assistance programs and organizations that are operated or funded by some partnership of government, utilities and community organizations.

Energy Outreach Colorado

Helping all Coloradans afford home energy.

Partnership Programs

Energy Outreach Colorado

Energy Outreach Colorado (EOC) operates the Utility Assistance Program.

78 organizations at 93 sites reaching all 64 counties

EOC is funded by private, corporate and foundation sources, as well as government and utility sources

EOC provides bill assistance, energy efficiency assistance, and provides a wide range of other services to low-income Coloradoans.

OREGON HEAT

Home Energy Assistance Team

Partnership Programs

Oregon HEAT

Oregon HEAT is a one-stop shop that helps low-income and other at-risk Oregon utility customers with their energy needs.

90 cents of every dollar go directly to help qualifying households

The organization partners with a vast network of community service agencies that enroll and manage low-income utility customers in need of assistance.

Oregon HEAT receives funding from several utilities in Oregon, as well as private donations.

Partnership Programs

EnergySmart Memphis

EnergySmart is a year-long energy education and home improvement initiative designed to help Memphians save money on their energy costs.

EnergySmart Memphis is a partnership between Memphis Light, Gas and Water, City and County government agencies, Community Development Councils and non-profit organizations, and the Tennessee Valley Authority (TVA).

Partnership Programs

Nevada's Project REACH

Relief through Energy Assistance to prevent Customer Hardships (REACH) is a partnership fund between United Way of Southern Nevada, fourteen community service agencies, and NV Energy (the area's utility).

It provides energy assistance to low-income households, as well as seniors, people with disabilities, customers with life-threatening medical conditions, households experiencing an emergency, and National Guard or Reserve members.

The program facilitates the transfer of funds from donors to at-risk utility customers through partner agencies.

FUEL FUND OF MARYLAND

Partnership Programs

The Fuel Fund of Maryland

The Fuel Fund of Maryland is a non-profit organization that receives funding from the government, utilities, foundations, and individuals.

The Fuel Fund has helped as many as 18,000 individuals in a single year with energy assistance funds.

The target population is families and individuals in Central Maryland who live at or below 300 percent of the Federal Poverty Guidelines.

Partnership Programs

Policy Map

Partnership Programs	Payments	Arrearages	Usage	Shutoff
Energy Outreach Colorado	X		X	
Oregon Heat	X		X	
Energy Smart Memphis	X		X	
Nevada's Project REACH	X			
The Fuel Fund of Maryland	X	X		

Case Study of Impoverished Cities

On September 28, 2010, the *Milwaukee Journal Sentinel* published an article titled, "Milwaukee Now Fourth Poorest City in Nation," which reported that 27% of Milwaukee's population lives in poverty.

The U.S. Census Bureau's American Community Survey put Milwaukee's poverty behind Detroit, Cleveland, and Buffalo. St. Louis, MO, was fifth.

These four other impoverished cities provide useful case studies for this research because they are geographically (northern cities in temperate climates), and demographically similar to Milwaukee.

Case Study Results

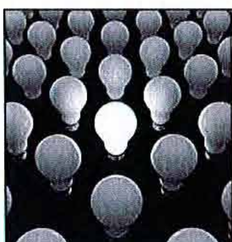
See page 37 of full report for full table.

City	Population	% in Poverty	% Unemployed	LIHEAP Eligibility	LIHEAP Amount	State Weatherization Program Eligibility	Shutoff Moratorium	Level of State Assistance	Level of Local Government Assistance	Level of Utility Assistance	Level of Community Assistance
Detroit	910,848	36.40%	15.30%	110% of FPL for heating, 60% of state median income for crisis	$117 Average	200% of FPL	11/1 to 3/31	Low	None	Mid	Low
Cleveland	431,369	35.00%	12.80%	200% of FPL	$320 Average	200% of FPL	10/19 to 4/15	High	Low	Low	Low
Buffalo	270,221	28.80%	9.20%	60% of state median income or 150% of FPL (whichever is greater)	$900 maximum	60% of state median income	Two weeks encompassing Christmas and New Years holidays.	Low	None	High	Low
Milwaukee	605,027	27.00%	8.70%	60% of state median income	$490 Average	60% of state median income over past three months, no prior weatherization, or other certain qualifications such as a high energy burden/usage, or an elderly, disabled, or child household member	11/1 to 4/15	Low	None	High	Mid
St. Louis	356,587	26.70%	9.60%	135% of FPL	$600 heating maximum, $300 cooling maximum	200% of FPL	11/1 to 3/31 and when temperature <32 F	Low	None	High	Low

Case Study of Impoverished Cities

The case study revealed the following:

- Low-income Milwaukeeans must rely more on the utility for assistance than other assistance sources.
- A comparable level of service is available in Buffalo and St. Louis, with Milwaukee exhibiting a high level of community assistance in part because of the Low Income Pilot's partnership with community service agencies.
- In Cleveland, the state provides a high level of service, which causes the other sources to provide a low level.
- In Detroit, the level of assistance available from any source is lackluster.
- Overall, the level of service available to Milwaukee's low-income population receives a high rating.

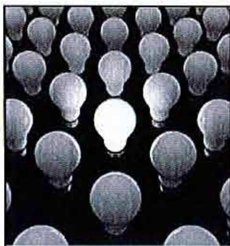


Best Practices

Justifying A Program - Ken costello

Ken Costello's article titled "Criteria for Determining the Effectiveness of Utility-Initiated Energy Assistance."
  - Costello is an expert on energy assistance programs at the National Regulatory Research Institute.

- Energy assistance programs have a political appeal.
- Energy assistance programs can positively affect a utility's finances.
  - However, utilities must be careful not to lose efficiency and incur costs.

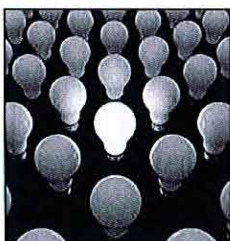


Best Practices

Justifying a Program - John Howatt

John Howatt is an energy policy expert at the National Consumer Law Center.

- Energy assistance programs have reliable, predictable and robust funding streams.
- Appropriations (such as LIHEAP) are subject to fiscal ups and downs, as well as annual debate.
- Utilities must state their business case when justifying a program.



Best Practices

Justifying a Program - Roger Colton

Roger Colton is an energy expert with a Boston-based law firm that specializes in regulatory economics and law.

- In stating its business case for an energy assistance program, a utility must:
  - "[P]erform a cost-benefit analysis of whether the program does a better job of collecting revenue at a lesser cost than the available alternatives."

Best Practices

Evaluating a Program Proposal

Ken Costello has also developed six general questions for regulators to ask themselves when evaluating energy assistance proposals:

1. What is the rationale for utilities offering energy assistance to low-income customers?
2. What primary objectives should energy assistance have?
3. What should be the dollar amount of assistance?
4. Who should provide the funding?
5. What mechanism(s) should fund energy assistance?
6. What should be the specific assistance actions (or mechanisms), keeping in mind other regulator objectives?

Best Practices

Evaluating a Program's Results

Ken Costello has nine criteria for evaluating results:

1. Benefits should accrue only to low-income households.
2. The recipients of energy assistance should receive maximum benefits relative to the dollars spent.
3. Consumer information and education should make eligible households aware of the available assistance and ways to reduce their energy bills.
4. Benefits to recipients of energy assistance should positively correlate with their actual energy costs or energy burden.
5. Energy assistance should avoid large efficiency losses or cross subsidization.
6. Energy assistance should have reasonable administrative and implementation costs.
7. Funding should have a tolerable financial effect on individual subsidizing customers.
8. Energy assistance should result in reduced collection costs, service disconnections, arrearages, and debt write-offs.
9. Energy assistance should promote equity.

Best Practices

Community Involvement and Outreach

Entergy, a utility delivering electricity to 2.6 million customers in Arkansas, Louisiana, Mississippi and Texas has become a frequent case study in effectively providing energy assistance to low-income customers. Entergy points out that its territory includes four of the top five most impoverished states.

Best Practices

Community Involvement and Outreach

According to Linda Barnes, Entergy's manager of low-income initiatives, "The sheer number of families in our region living in poverty is overwhelming."

On top of the underlying problems, the 2005 Atlantic hurricane season, in which major hurricanes Katrina and Rita devastated its service region, presented a unique challenge.

Best Practices

Community Involvement and Outreach

Entergy has been praised for its success in helping its low-income customers through the crises and offers these tips from their successful strategies:

- Set corporate incentive measures—Entergy set weatherization education as a corporate goal and encouraged employees and retirees to contribute by matching volunteer time with grants.
- Distribute grants to community action agencies—Grants allow for customer education and conservation programs at the local level.
- Create an ally network—Relationships with agencies and advocacy groups allow the utility to reach those organizations' clients.

Best Practices

Continued...

- Host community outreach programs—These help establish direct connections with consumers.
- Hold annual low-income development summits—These meetings with community action agencies allow Entergy to provide training, communicate about new programs and identify future needs.
- Keep advocates informed—Entergy has a newsletter that informs the ally network about programs and keeps energy efficiency top-of-mind.
- Offer agencies printed materials—Entergy has a fulfillment center that distributes bulk materials to advocates for distribution.
- Connect with churches in rural areas—Church leaders are strong spokespersons and good recruiters for volunteers.

Best Practices

Community Organization Involvement

Energy experts agree about the need for community organizations to be involved in utilities' low-income energy assistance programs.

- Organizations are familiar with the population.
  - Sensitive to language and cultural barriers.
- Can act as a middle man between the utility and a customer that doesn't trust the utility.
- Helps keep customers informed.

Best Practices

Eligibility

The survey of types of programs found that for low-income customers, most programs follow (or slightly expand upon) the state's eligibility criteria for LIHEAP.

Many programs also include the elderly, people with disabilities, those experiencing an emergency, and active duty members of the military.

The more comprehensive programs include all of these potentially at-risk populations.

Best Practices

In-Home Energy Audits

Because every household is different, in-home energy audits are a best practice for evaluating a customer's needs and potentially providing immediate assistance with weatherization and energy efficiency.

National Grid's (Eastern New York) program has been identified as a best practice.

- An auditor goes to household to do a comprehensive evaluation of usage and billing issues, and determines courses of action for the customer to improve situation.
- Customers perform 3 to 4 actions per household on average, saving hundreds of dollars each year.

Best Practices

Education Component

- Ever Present Learning and Applying Disconnect

A study by APPRISE examined three education models in Colorado with surveys and other evaluation tools:

- Direct Install
  - Trainer visited home and initiated energy efficiency and weatherization efforts immediately.
- Workshops
  - Participants attended group and one-on-one workshop away from the home.
- Mailings
  - Participants received information and energy efficiency tools in the mail.

Those who received a direct install used the measures twice as much as those attending workshops and receiving mailings. Those attending a workshop changed their behavior more than the others. Savings and net value were highest among those receiving a direct install.

Best Practices

How to Improve Outcomes

APPRISE evaluated energy assistance programs in Pennsylvania, where utilities are required to have them.

They found these components can improve outcomes:

- Providing benefits to customers that are related to the amount of assistance that they need.
- Allowing customers to continue to participate in the program, even after they have paid off their full arrearage.
- Providing an arrearage forgiveness component that is tied to bill payment compliance, and educating customers about this requirement.
- Providing customers with an incentive to apply for LIHEAP assistance.
- Charging the customers an amount that is at least as much as they paid in the year prior to enrollment.
- Providing the customers with a fixed monthly payment.

Best Practices

Where No Best Practice is Clear

- Enrollment Cap and Time Period
- Program Funding
- Failure Criteria

Recommendations

Two Broad Recommendations

Based on my research, I have two broad recommendations for the Task Force to consider:

- Modify LIP
- Create a Comprehensive and Tailored Policy System

Recommendations

Modify LIP

The Task Force should propose modifications to LIP based on the best practices, and the common types/practices of programs outlined in this report. Those practices and program components are as follows:

- Provide initial in-home audits (with a weatherization component);
- Continue education component, but pilot different types of education (in-home/direct install, workshops, schools, mailings) to determine whom to target with which type of education and to determine each method's effectiveness;
- Expand enrollment cap and time period as pragmatic.

RECOMMENDATIONS

MODIFY LIP

THOSE MODIFICATIONS SHOULD BE PROPOSED WHILE ALSO PROPOSING RETENTION OF THE COMPONENTS OF LIP THAT ARE SOUND AND IN LINE WITH OTHER PROGRAMS SIMILAR TO LIP:

- CONTINUE COMMUNITY ORGANIZATION INVOLVEMENT;
- CONTINUE TO FOLLOW STATE LIHEAP ELIGIBILITY;
- INCLUDE THE COMMUNITY ORGANIZATION'S CURRENT CASE MANAGEMENT COMPONENT THAT AUTOMATICALLY ENROLLS PARTICIPANTS IN OTHER ASSISTANCE PROGRAMS AVAILABLE TO THEM IF THEY ARE WILLING;
- TIE FORGIVENESS TO PAYMENT;
- REQUIRE PARTICIPANTS TO RECEIVE LIHEAP.

RECOMMENDATIONS

OTHER RECOMMENDATIONS

THE TASK FORCE MUST RECOGNIZE THE PUBLIC SERVICE COMMISSION'S CONCERNS, AND READY STOPGAP MEASURES IF ITS PROPOSAL IS REJECTED.

THE TASK FORCE STAKEHOLDERS SHOULD CONTINUE AN OPEN DIALOGUE (PERHAPS A MONTHLY MEETING) ABOUT THE PROGRAM THAT IS PROPOSED/CREATED AND OTHER ENERGY-RELATED NEEDS OF THE MILWAUKEE-AREA AT-RISK POPULATION.

THE STAKEHOLDERS SHOULD EXPLORE LEGISLATIVE OPTIONS TARGETING THE ENERGY ASSISTANCE NEEDS OF MILWAUKEE-AREA AND WISCONSIN-WIDE AT-RISK POPULATIONS.

THE TASK FORCE SHOULD CONSIDER PROPOSING A PERMANENT PROGRAM THAT HAS SOME COMPONENTS AS PILOTS, ESPECIALLY THOSE COMPONENTS THAT THE PUBLIC SERVICE COMMISSION OF WISCONSIN WAS MOST CONCERNED ABOUT.

THE TASK FORCE SHOULD BE PREPARED TO JUSTIFY EVERY PIECE OF ITS PROPOSAL, WHILE BEING MINDFUL OF THE EVALUATION CRITERIA LAID OUT BY BEST PRACTICES.

Recommendations

Create a Comprehensive and Tailored Policy System

The Task Force is focused on creating a program to replace or modify LIP. A comprehensive approach from all stakeholders in Wisconsin's low-income energy assistance policy system is needed to attack the four policy problems (payments, arrears, usage and disconnects).

Based on this report, the government, utility, and community stakeholders of the Low Income Task Force should encourage and facilitate the establishment of a comprehensive and coordinated policy system to address the energy needs of Wisconsinites that are somehow at-risk, low-income, elderly, people with disabilities, and active duty members of the military.

Recommendations

Create a Comprehensive and Tailored Policy System - Components

There is no best practice identified that addresses all at-risk customers' energy needs. However, a comprehensive policy system would include:

- Simplified enrollment gateways that also offer customers the opportunity to enroll in all benefits programs for which they qualify.
- Evaluation mechanisms (an in-home audit, where pragmatic, according to best practices) for eligibility and need.
- Placement in appropriate component(s) (as some customers will need more or less assistance than others, and some will need different types) within a comprehensive benefits matrix that includes components administered by the government, utility, and community organizations (payment/budget plan, arrearage forgiveness plan, discounts/bill credits, education, weatherization, and case management).
- A mechanism for periodic evaluation of progress towards self-sufficiency.

What to Take Away

Review

THERE ARE FOUR CUSTOMER ISSUES WITHIN THIS POLICY SYSTEM TO ADDRESS: PAYMENTS, ARREARAGES, USAGE, AND DISCONNECTS

THERE IS A VARIETY OF PROGRAMS TO ADDRESS THESE ISSUES PROVIDED BY GOVERNMENTS, UTILITIES, COMMUNITY ORGANIZATIONS, AND PARTNERSHIPS.

A CASE STUDY SHOWS MILWAUKEE DOES WELL.

BEST PRACTICES CAN BE A USEFUL GUIDE DURING THIS PROCESS.

MODIFY SOME PARTS OF LIP AND CONTINUE THE COMPONENTS THAT WORK AND ARE IN LINE WITH OTHER SIMILAR PROGRAMS.

WORK TOWARDS A COMPREHENSIVE AND INDIVIDUALLY TAILORED POLICY SYSTEM.

APPENDIX Q – LIFELINE RATES PRESENTATION

Lifeline Rate Overview

Low Income Task Force
October 28, 2010

Outline

- Definition of a Lifeline Rate
- Examples of Lifelines Rates
- History and Status of Lifeline Rates in WI
- Pros and Cons of Lifeline Rates

Lifeline Rate

- A rate that is intended to provide low income customers some level of energy at a discounted cost

Variations of Lifeline Rates

- Inclining block rate for qualifying customers
- Inclining block rate for all residential customers
- Reduce or eliminate fixed charge for qualifying customers
- Straight % discount for qualifying customers

Issue of who pays subsidy

- Other residential customers
- Other utility customers (business as well as residential)
- Someone outside of the utility

One Definition of Lifeline Rate

- "In general, a lifeline rate has been characterized as a special type of inverted rate, in which the rate for an amount of energy, intended to represent 'essential' use is lower than the rate for usage above the 'essential' amount."
  - Source: PSCW Order dated March 3, 1981

Definitions

- Inverted Rate / Inclining Block Rate – A rate where the customer pays a lower price for a certain amount of energy usage in a billing period, and a higher price for usage beyond that amount
- Essential Usage – subject to interpretation, but could include energy for space heating, water heating, cooking, refrigeration, lighting, etc.

Example 1 – Electric, Low Income Customer Only, Energy Rate Discount

- Assumptions
  - Lifeline Rate applies only to customers who qualify for energy assistance (assume 200,000 We Energies electric customers) 1/
  - Essential Usage is 300 kWh per month
  - Rate discount for essential usage is 33.3%
  - Cost of discount paid by remaining residential kWh sales
    - 1/ Estimated customers at or below 60% of state median income

Example 1 - Rates

	Current Rate	Lifeline Rate 1/	Non-Lifeline Rate 2/
Energy Charge per kWh	0.12611	0.08408	0.13011
Facilities Charge per Day	0.25	0.25	0.25
1/ 1st 300 kWh of qualifying customers			
2/ All other kWh			

Example 1 - Impacts

- Cost of Lifeline rate is $30 million per year
- Raises customer bill for a non-lifeline, residential customer with the average usage of 840 kWh per month, $3.36 per month or 3.0%
- Reduces customer bill for lifeline customer with the average usage of 840 kWh per month, $10.45 per month or 9.2%

Example 2 – Electric, All Customers, Energy Rate Discount

- Assumptions
  - Lifeline Rate applies to all customers
  - Essential Usage is 300 kWh per month
  - Rate discount for essential usage is 33.3%
  - Cost of discount paid by remaining residential sales

Example 2 – Rates

	Current Rate	Lifeline Rate 1/	Non-Lifeline Rate 2/
Energy Charge per kWh	0.12611	0.08408	0.14946
Facilities Charge per Day	0.25	0.25	0.25
1/ 1st 300 kWh of all customers			
2/ All other kWh			

Examples 2 - Impacts

- Cost of Lifeline rate is $124 million per year
- Does not change the bill for a residential customer who uses exactly the average customer usage. (Discount on 300 kWh exactly offsets increased cost for additional usage for the average customer)
- All customers (low income or not) will pay less if they use less than the average usage, and more if they use more than the average usage.

Example 3 – Natural Gas, energy only discount, low income customers only

- 2 cent discount on delivery cost per therm charge only to customers eligible for energy assistance (~200,000 customers)
- Subsidy paid for by remaining residential therms

Example 3 - Impacts

- Cost of Lifeline rate per year is $ 3.2 million
- Raises customer bill for a non-lifeline, residential customer with average usage of 800 therms per month, $0.59 per month, or 0.6%
- Reduces customer bill for lifeline customer with the average usage of 800 therms per month, $1.33 per month, or 1.8%

History and Status of Lifeline Rates In Wisconsin

- Public Utility Regulatory Policy Act of 1978 (PURPA) directed states to determine whether lifeline rates should be implemented by regulated electric and gas utilities
- PSCW opened a generic investigation on whether or not to implement lifeline rates for Wisconsin utilities in December 1979

PSCW Investigation of Lifeline Rates 1979-1981

- Considered all of the following issues:
  - Definition and objectives of lifeline rates
  - Efficiency of lifeline rates
  - Cost of service and lifeline rates
  - Lifeline rate design and implementation
  - Impact on conservation
  - Equity of lifeline rates
  - Legality of lifeline rates
  - Alternatives to lifeline rates

PSCW Order on Lifeline Rates, March 3, 1981

- Lifeline rates are an appropriate issue for consideration in **individual utility rate cases**
- Implementing a specific **statewide** lifeline rate or general lifeline rate was not appropriate
- Two of three Commissioners went on the record as being strongly against lifeline rates
- Results of this investigation are to receive official notice in any rate case in which lifeline rates are considered

A Real Wisconsin Example: Madison Gas and Electric

- PSCW approved **experimental** lifeline gas and electric rates for MGE in February 1980 – when the generic investigation was just beginning
- PSCW ordered a study of the effectiveness of these rates in 1984, after the generic investigation ended
- Study results indicated that **low income energy burdens were not substantially reduced**
- The experiment was cancelled and the lifeline rates were closed to new customers in 1985; existing customers were allowed to stay on lifeline rates
- Today, there are still ~20 customers on each tariff

Lifeline Rates, Low Income Only - Pros

- Lifeline rates give low income customers access to some minimum amount of energy at a lower cost
- Lifeline rates are seen as one of many instruments that the government can use to mitigate the burden of energy costs on the poor
- Current assistance programs are inadequate because not all persons in need apply, persons above designated criteria receive no assistance, and benefit levels are inadequate

Lifeline Rates, Low Income Only - Pros

- *Assuming* energy consumption correlates highly with income, LLR would benefit low income customers
- LLR *may* reduce uncollectable, disconnection and collection costs
- Gives larger customers more incentive to conserve

Lifeline Rates, Low Income Only - Cons

- Legal questions about whether this constitutes unjust and therefore unlawful discrimination never seem to go away – despite PURPA
- Uses resources to provides benefits to many customers who already pay their bills. (~200,000 estimated customers at or below 60% of state median income vs. ~9,000 customers in EIP and LIP)
- Apartment dwellers that have electric and/or gas included in their rent would not be able to obtain the benefit of LLR
- While it appears that average usage is correlated with income, the dispersion around the mean is great. Net result is that a significant number of low-income, high-use customers could be harmed by a lifeline rate
- For small users, LLR could encourage an increase in consumption, which causes inefficiencies in transfer of the benefit to the low income customer

Lifeline Rates, Low Income Only - Cons

- Determination of who qualifies for the rate may be burdensome and costly, both initially and recurrent
- Does not follow cost of service principals generally used by the PSCW
- LLR is counter to goal of equitable rates to consumers
- Targeted assistance programs are a much more direct, efficient approach
- Decreased revenue stability for the utility
- May induce rural lifeline customers to switch to electric heat

Lifeline Rates, Low Income Only - Cons

- Such rate making would in effect constitute taxation, and taxation for the purpose of income redistribution is function of the legislature
- Can create price distortions if the price paid does not reflect the marginal cost of the service
- If paid for by higher rates on business customers, could increase costs of goods and services for everyone

Lifeline Rates, All residential customers

- Pros
  - Would not have to check customer qualifications to be on the rate
  - For heavy energy users – LLR would promote conservation
  - Residential rate application would be uniform for all residential customers

Lifeline Rates, All residential customers

- Cons
  - The price for usage above the lifeline amount would be much higher, hurting high use low income customers
  - Lifestyle issues – small but luxurious apartments/condos, and those who dine out frequently would gain unneeded income transfer via LLR
  - Those who own resort cottages or vacation homes would also gain unneeded income transfer via LLR
  - LLR may interfere with Time Of Use (TOU), Peak Time Rebate (PTR) and Critical Peak Pricing (CPP) tariffs. This would need to be examined further.

References

"Criteria for Determining the Effectiveness of Utility-Initiated Energy Assistance", K. Costello, April 2010.

"Transition to Dynamic Pricing", A. Faruqui, R. Hledik, April 2009.

"Social Pricing and Rural Issues", S. Tremolet, D. Binder, June 2009.

"The Evaluation of Lifeline Electricity Rates, Methods and Myths", M. Hennessy, June 1984.

"Lifeline Electricity Rates as an Income Transfer Device", B. Burgess, M. Paglin, February 1981.

"Generic Investigation on the Commission's Own Motion Whether or Not to Implement Electric and Natural Gas Utility Lifeline Rates", PSCW Order 05-UR-9, March 1981.

EEI Survey – Who has Life Line Rates and Why?

Who has Life Line Rates and Why? [EEI Query 9/23/2010]

Utilities that do not have Life Line Rates

Company	State	Why they don't have LLR
PNM Resources	NM	State law prohibits differentials for income.
Ameren	IL	Has a "% of income payment plan" instead. To qualify 150% FPL.
Dominion Virginia	VA	
Dominion N.C. Power	NC	
Progress Energy Carolinas	NC,SC	
Central Hudson N Y	NY	Has a payment assistance program.
Wisconsin Public Service	WI	
Wisconsin Power & Light	WI	
AmerenUE	MO	Has an energy assistance pilot program
BGE	MD	Has a bill assistance program, other riders and pilot programs.
Kentucky Utilities	KY	
Louisville Gas & Electric	KY	
PacifiCorp	OR	Has low income assistance program
PacifiCorp	ID	
PacifiCorp	WY	
Entergy	AR	
Entergy	MS	
Entergy	TX	Instead has monthly credit. To qualify 125% FPL
Tucson Electric Power	AZ	Has "low income programs", non specific.
UniSource Electric Services	AZ	Has "low income programs", non specific.

Utilities that do have Life Line Rates

			Subsidy		Qualify
			Rate	Mult.	%
Company	State	Why	Class	Class	FPL
APS	AZ	Part of a rate case settlement		x	200
NSP	MN	Legislative mandate			LIHEAP
So Cal Edison	CA	Legislative mandate for the state		x	200
PPL	PA	PUC required	x		150
PacifiCorp	CA	Legislative mandate for the state		x	150
PacifiCorp	WA	Company option			125
PacifiCorp	UT	Merger commitment			"HEAT"
Entergy	LA	Company option. On customer charge only.			65 yr; FPL.
Hawaiian Electric Co.	HI	Approved, but not yet implemented. Company opt.	x		LIHEAP

APPENDIX R – PSCW 1981 ORDER ON LIFELINE RATES

DATE MAILED
MAR 30 1981

BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Generic Investigation on the Commission's Own Motion Whether or Not to Implement Electric and Natural Gas Utility Lifeline Rates	05-UR-9
Generic Investigation on the Environmental Impacts of Electric Utility Tariffs	1-AC-10
Generic Investigation on the Environmental Impacts of Natural Gas Curtailment, Priority-of-Service Programs, Conservation and Utility Rates	1-AC-14

FINDINGS OF FACT AND ORDER

The commission is required by s. 114 of the Public Utility Regulatory Policies Act of 1978 (PURPA) to make a determination, after an evidentiary hearing, whether or not lifeline rates should be implemented for the Wisconsin electric utilities covered by PURPA.

By Notice of Investigation and Order dated December 18, 1979, the commission determined to initiate a generic investigation to consider the lifeline rate issue. The commission determined to incorporate the natural gas lifeline rate issue into this proceeding because of the similarity of most issues involved. In the December 18, 1979 notice, the following Class A investor-owned electric and natural gas utilities:

Electric

Lake Superior District Power Company
Madison Gas & Electric Company
Northern States Power Company
Superior Water, Light & Power Company
Wisconsin Electric Power Company
Wisconsin Power & Light Company
Wisconsin Public Service Corporation

Natural Gas

Lake Superior District Power Company
Madison Gas & Electric Company
Northern States Power Company
Superior Water, Light & Power Company
Wisconsin Gas Company
Wisconsin Fuel & Light Company
Wisconsin Natural Gas Company
Wisconsin Power & Light Company
Wisconsin Public Service Corporation
Wisconsin Southern Gas Company

were ordered to submit electric and natural gas information by February 1, 1980 related to the following:

1. What are the minimum energy requirements of the average residential customer with respect to the following end uses?

a. Space heating
b. Water heating
c. Cooking
d. Food refrigeration
e. Other essential end uses

2. How do the minimum energy requirements of low income (as defined by Community Services Administration) residential customers differ from those of average residential customers? How do the minimum requirements of the elderly (65 years of age or older) residential customers differ from those of average residential customers? How do the minimum requirements of handicapped and disabled customers differ from those of average residential customers?

3. What are the methods for determining and identifying those customers that require the most financial assistance for their utility bills? How might such income tests be administered?

4. How can the lifeline quantities of natural gas and electricity be determined? What are those quantities? How should the lifeline quantities vary by season? By month?

5. Separately for electricity and gas, for your Company, determine the relationship between conservation-oriented progressive rates and the impacts of such progressive (inverted) rates on low-income consumers.

6. Propose sources of funds for financing any rates at levels below the cost of service for low income residential customers. (Note: it is the commission's intent to focus its current inquiry on the circumstance in which there is no revenue requirement shifting between customer classifications).

7. Propose possible special treatment for the elderly (65 years of age or older) or certain types of handicapped customers--e.g. the waiver of income-related eligibility test or the easing of income eligibility requirements.

8. Provide information relative to general tariff reform which may be complementary to the objectives of lifeline rates.

9. If the objective is that no "low-income" customer should have his/her circumstances worsened and no "non-low-income" customer should see his/her circumstances improve as a result of these tariffs, what is the desirability of optional lifeline tariffs for the low-income and elderly? The information should include:

(a) definition of targeted income, family size and age groups,

(b) determination of average (or lifeline) use for targeted group,

(c) design of a two-step inverted rate that produces the same revenue from the average targeted customer, or average customer, as does the flat rate (additional variations on the design are possible). The optional rate may be applied only at a customer's principal residence.

(d) An estimate of any revenue shortfall if targeted group is offered the option of a basic flat rate or lifeline (two-step inverted) rate.

(e) The sources for making up any revenue loss.

(i) other residential customers
(ii) reduced earnings
(iii) other categories (note number 6 above)
(iv) other

10. Should the lifeline rates change with cost increases, if so how? Should the adjustment clauses be incorporated in the lifeline rate, if so how?

11. Propose Legislative language and/or suggested rule-making to establish complementary lifeline package.

12. Provide backup information and available survey information to support the answers to the above questions.

Other principal parties were also requested to file their responses by the February 1, 1980 deadline.

The December 18, 1979 notice also indicated that proceedings would be conducted in parallel with the lifeline proceeding to evaluate environmental, social and economic impacts of electric and natural gas lifeline tariffs. It further indicated that appropriate portions of the Generic Environmental Impact Statement on Electric Tariffs and the Generic Gas Environmental Impact Statement would be amended in dockets 1-AC-10 and 1-AC-14, respectively, to reflect the latest information on electric and gas lifeline tariff issues.

Pursuant to due notice, hearings were held in Milwaukee on July 21 and September 26, 1980; and in Madison on July 22, 23, 24 and 25, on September 2, 3, 4, 22, and 23, 1980, and on February 5, 1981. All hearings were held before Examiner Ann Pfeifer.

In addition to the testimony from these utilities, testimony and exhibits were received on all issues from the following parties: George Edgar and Paul Borrmann representing Utility Consumers United (UCU); James Klauser representing the Wisconsin Association of Manufacturers and Commerce; and Earl Gustafson testifying for the Wisconsin Paper Council.

Numerous members of the public, primarily members of labor unions and churches, also testified at the hearing, generally in support of lifeline rates.

A complete list of appearances is set forth in the attached appendix.

Environmental Impact Statement (EIS) on Lifeline Rates

Draft and Final Environmental Impact Statements evaluating the potential impacts of lifeline rates and alternatives to lifeline rates were prepared by staff and filed as exhibits in this proceeding. Cross-examination of staff and comments filed by parties on the Draft Environmental Impact Statement primarily centered on the definition and objectives of lifeline rates, the potential effects of lifeline rates on direct and indirect resource consumption, the degree to which "stigma" affects the target efficiency of a targeted lifeline rate program, the interpretation of data on the correlation between income and consumption, the lack of information on the Low Income Energy Assistance Program, and on the results of the Public Service Commission of Wisconsin's survey of residential customers. Staff responses to comments and cross-examination indicated that the final EIS incorporated suggestions and comments furnished by principal parties, where staff believed such incorporation was appropriate.

The commission finds that the Final Environmental Impact Statement on Lifeline Rates describes the effects and impacts of the imposition of lifeline rates and alternatives to lifeline rates as well as the state of the art of such analysis allows at this time. The commission further finds that appropriate portions of the Generic Environmental Impact Statement on Electric Tariffs and the Generic Gas Environmental Impact Statement have been amended to include this latest information on lifeline tariff issues contained in the Environmental Impact Statement on Lifeline Rates.

Lifeline Rates

After weighing all of the evidence in the record in this case, the commission has determined that lifeline rates may be appropriate under certain circumstances in individual rate proceedings, in which the issues herein, such as those listed under paragraph 5 on page 33, are specifically addressed. Additionally, the commission has considered several general issues which were addressed in this case. A summary of the various positions taken on these issues as well as the commission's determination follows.

Definition of Lifeline

The definition of lifeline was one of the fundamental and most controversial issues in this proceeding. In general, a lifeline rate has been characterized as a special type of inverted rate, in which the rate for an amount of energy, intended to represent "essential" use, is lower than the rate for usage above the "essential" amount. Differences of opinion arise regarding the class of customers to whom lifeline rates should apply and the method of recovery for any revenue shortfall which would be created by the application of lifeline rates.

Much of the controversy regarding the definition of lifeline centers on two areas: the objectives of a lifeline rate, and the ability of a lifeline rate to achieve those objectives.

Promotion of conservation and the guarantee of a basic amount of energy at a low price for all individuals were supported by UCU as the primary objectives. Key elements in UCU's proposal to meet these objectives are: (1) the application of lifeline rates to all residential customers of the utility and (2) recovery of any revenue shortfall generated by the depressed rate for essential use through the rates for both residential use above the lifeline amount and energy use by all other customer classes. Both public witnesses and UCU supported the idea that lifeline rates were not and should not be the total answer to the low-income payment problem, but should be considered a protection against future utility bill increases and a supplement to other assistance programs.

The commission staff noted four objectives of lifeline: (1) to reform the rate structure to reflect marginal cost considerations if the rate does not already do so; (2) to promote conservation; (3) to recognize the need of all households for a minimum essential amount of energy; and (4) to reduce the burden of utility bills on low-income customers. Staff's conclusion was that the last two purposes are inherently related, in that access to adequate energy depends on income. Thus, while the commission staff did not advocate the implementation of lifeline rates, staff noted that targeted assistance programs (including lifeline rates), limited to low-income customers, were a much more direct, efficient approach to these objectives. The examples of targeted rate programs submitted by the staff would restrict revenue recovery for the lifeline rates to the remainder of the residential class. Staff noted that the commission has been implementing marginal cost pricing and other rate reforms, including those intended to promote conservation, without the impetus of lifeline rates.

The utilities and the industrial intervenors characterized lifeline rates primarily as a method of income redistribution and assistance to low-income households.

The issues of the abilities of the various lifeline rate proposals to meet their stated objectives are discussed in the sections which follow.

The commission considers the problems of low income people in meeting their energy needs to be a very serious one. Regardless of whether lifeline rates are determined to be an appropriate and effective means of assisting in the solution of this problem in any particular case, the commission will continue to be attentive to the impacts of its decisions on the low-income sector of the public it serves.

Income-Consumption Correlation

One subject which generated a great deal of controversy during the proceeding is that of the correlation between income and consumption. The income-consumption correlation refers to the degree to which variations in consumption are related to accompanying variations in income.

The results of several studies of the income-consumption relationship were placed into the record. Studies of a statiscally valid sampling of residential customers for the following Wisconsin utilities' service areas were presented: Madison Gas and Electric Company, Northern States Power Company, Wisconsin Electric Power Company, Wisconsin Gas Company, Wisconsin Power and Light Company, and Wisconsin Public Service Corporation. In addition, income-consumption data obtained from a commission survey of Wisconsin electric and gas residential utility customers were presented for the record.

There was considerable disagreement among the parties in this proceeding over the results of the various studies of income and consumption and the importance of those results. In general, public witnesses and citizens' groups testified that the income-consumption correlation is strong, while utility and commission staff witnesses testified that the correlation is weak.

To a large extent, the parties' interpretation of the correlation was affected by the cross-section of data which one chose to look at. Public witnesses and citizens' groups, citing the average or mean usage figures for individuals at various income levels in the studies presented, argued that the income-consumption correlation is strong because as the individuals' income increases, so does their average consumption in most cases. For those studies which did not produce this result, the citizens' groups and public witnesses testified that the cross-section of individuals used for those studies was not a representative cross-section or that the studies were flawed in other ways. Utility and commission staff witnesses acknowledged that the mean consumption of individuals rises as the individuals' income rises but testified that the dispersion about the mean (or standard deviation) was so great in most cases that the differences between the means at various income levels were insignificant. Thus, utility and commission staff witnesses concluded that the income-consumption correlation is weak. In addition, they concluded that the broad dispersions about the mean usage levels imply that at all income levels there are many customers whose usage is greater than the mean usage and many customers whose usage is less than the mean usage. The net result of this could be that there are a significant number of low-income, high-use customers who would be harmed by the implementation of a lifeline rate and a significant number of high income, low-use customers who would benefit from the implementation of a lifeline rate.

The importance of a strong income-consumption correlation varies depending on the goals of a lifeline rate program. If the primary objective of a lifeline rate program is to provide assistance to low-income customers with their electric and gas utility bills, then a strong income-consumption relationship is crucial. Utility and commission staff witness testimony focused on a lifeline rate program whose primary goal was to assist low-income persons and thus, attached much importance to a strong correlation. If a lifeline rate program has other equally important objectives, such as the provision of conservation incentives and the provision of marginal cost-based price signals for "non-essential" usage, then a strong income-consumption correlation is not as important. Citizens' groups and public witnesses generally argued for a residential, across-the-board, inverted lifeline rate program with these equally important goals and thus, attached less importance to a strong relationship between income and consumption.

Cost of Service/Revenue Shift Questions

Cost of Service

There was considerable debate in this proceeding over whether a lifeline rate could be justified on cost-of-service principles. All parties were aware that, where reasonably possible, the commission authorizes rates based on cost-of-service analyses and that cost-of-service studies are an essential element used by the commission when determining final rate levels and rate designs.

There were basically two schools of thought on this issue. The first position, argued by UCU, Charles Meyer of the Community Relations-Social Development Commission and Don Weiner of the Citizen Labor/Energy Coalition, among others, is a two-pronged argument asserting that lifeline rates are cost-justified and do not deviate from cost-of-service principles.

The first portion of this argument says that lifeline rates can be justified by embedded costs of service, if embedded costs of service are computed correctly. Proponents argue that traditional methods for computing embedded costs of service do not demonstrate that lifeline rates are cost-justified because they are flawed. First, these studies tend to overstate the customer component of the cost of service and consequently overstate the cost responsibility for the residential class. Second, they do not attempt to identify the cost of service for lower-use customers within the residential class. UCU argues that lower-use customers have low, and thus more stable, usage and therefore contribute less to overall system costs than higher-use customers. If these flaws are corrected, UCU concludes, an inverted rate, especially a lifeline rate, would be justified by embedded cost analysis.

The second portion of the argument asserts that marginal costs may be used to justify inverted (e.g., lifeline) rates. Rates based on marginal costs, it is argued, would normally produce excess revenues for a utility. If this revenue excess is credited against the rate for essential usage (usage in the first block of a residential rate design), an inverted lifeline rate design will result. This approach satisfies the twin goals of charging a lower rate for essential usage while promoting economic efficiency.

The second position regarding lifeline rates and cost of service, advocated primarily by utility witnesses and industrial intervenors, concludes that a lifeline rate is a "below-cost" rate, both on embedded and marginal cost-of-service bases.

If traditional embedded cost-of-service methods are followed, and a lifeline rate is authorized in which the rate for an initial block of usage is either frozen at or reduced from current levels, the rate will be below the embedded cost of service and will with time require that non-lifeline customers subsidize lifeline customers. In general, cost-of-service pricing requires that those customers incurring various costs of service must pay those costs. A lifeline rate involving a price freeze or a price reduction will violate this principle.

The utilities asserted that lifeline rates violate marginal cost principles as well. Marginal cost pricing principles, they argued, require that customers pay the marginal costs of service for all units of energy purchased. Customers receiving this marginal cost-based price signal, which reflects the cost to society of producing another unit of energy, will be able to make informed decisions on their consumption. Decisions will thus be made which result in the most efficient allocation of resources. If lifeline rates are authorized, some witnesses argued, the above principles will be violated. Residential customers, paying below the marginal cost for an initial block of energy usage and possibly above the marginal cost for energy usage in excess of the initial block, will no longer be able to make informed decisions. In addition, the resulting allocation of resources in society will no longer be optimal.

Revenue Shift

The questions of whether or not lifeline rates would involve a subsidy and thus require a revenue shift and to what extent this would occur were also discussed in this proceeding.

For the most part, UCU contended that lifeline rates would involve no revenue shift if the costs of service were correctly computed. However, if a lifeline rate were to involve a revenue shift, UCU then argued that a shift of revenue responsibility from the residential class to the commercial and industrial classes would be beneficial in that industrial price increases would result in greater net conservation than would residential price increases. In addition, UCU argued that a general revenue shift between classes would produce lower rates for residential customers and would thus permit a greater amount of assistance to be passed on, particularly to low-income customers. In response to the question of whether or not UCU would support a lifeline rate involving no revenue shift, the UCU witness commented that the impacts of such a rate would have to be evaluated, taking into account the distribution of residential customers by income and usage levels, before UCU could accept or reject such a proposal.

The predominant conclusion among utilities and industrial intervenors was that lifeline rates would involve a revenue shift. However, no conclusions were generally drawn by utilities and industrial intervenors as to what the possible impacts of this revenue shift would be.

The commission staff witness did not draw conclusions on whether or not lifeline rates should involve any revenue shift. The staff witness, however, provided extensive testimony on the possible impacts of a revenue shift. Staff commented that if there were to be a revenue shift, it would be reasonable to expect that commercial and industrial customers would not simply absorb the higher price for energy but would pass on the increase to their customers in the form of higher prices for the goods and services they produce. Staff testified that the impact of such a pass-through would be difficult to determine but that possible impacts may be: (1) a substantial portion of the revenue shift ultimately being borne by lifeline customers themselves; and (2) a portion of the revenue burden falling on individuals who heat with fuels other than gas or electricity (i.e., fuel oil, propane, wood), and customers of non-PSCW-regulated utilities. Staff testified that some of these individuals may be more in need of assistance than lifeline customers themselves.

Rate Design

The Environmental Impact Statement submitted by the commission staff and the testimony given by staff in this case covered a large number of basic rate designs such as flat, seasonal, inverted, declining block, benchmark and time-of-use, all of which could be incorporated into a lifeline rate. Elimination of the fixed charge and a straight percentage discount on the bill were also considered.

The commission staff did not recommend the implementation of lifeline rates but made recommendations regarding rate design, should the commission authorize a targeted lifeline program. Staff's recommendation was for seasonal rates for gas and, if applicable, for electricity, with a discount given to lifeline customers for usage up to a designated amount. Space heating customers would receive a discount on a larger usage during the winter than would non-space heating customers. Commission staff witnesses testified that the size of the first block should be based, in part, on the desired level of benefits which would accrue to the typical lifeline customer.

Because of a desire to retain some conservation incentive within the targeted group, usage over the designated amount would be charged at the same rate as for the remaining residential customers. The lifeline rate would therefore be an inverted rate, potentially with a seasonal differential. The revenue shortfall in this proposal would be collected from the residential class.

Most of the utilities who addressed the issue of rate design testified that a simple percentage discount applied to each qualifying customer's bill would be the most equitable and administratively easiest lifeline rate design. These utilities argued that a customer's actual usage was more reflective of his or her needs than was a computed, average lifeline amount applied to all eligible customers. One utility, Wisconsin Public Service Corporation, suggested that the level of the discount be tied to the customer's income as determined by existing government agencies. All of the utility proposals were targeted programs and would recover the revenue shortfall from within the residential class or would require an external source of funding.

The rate design proposal which received the most attention in these proceedings was the inverted rate design proposed by UCU. The basic elements of this proposal, as summarized in UCU's brief, are (1) the establishment of lifeline or minimum usage amount(s) for basic residential uses such as cooking, lighting, refrigeration, water heating and space heating at a lifeline rate; (2) the application of the lifeline rate to <u>all</u> residential customers absent a means test; and (3) the pricing of usage above the lifeline amount at a higher rate or rates than the lifeline rate. The lifeline rate would be phased in by freezing the rate for the lifeline amount of gas at present levels. A slight reduction from present electric rates was recommended for the lifeline amount of electricity. UCU advocates spreading the cost of providing the lifeline rate across all non-lifeline usage of both residential and non-residential customers.

This proposal requires a determination of essential use (the lifeline quantity). The subject of what constitutes essential use and the practical aspects of administering a rate in which the amount of essential use may vary from one customer to another were discussed at length in this proceeding.

Generally, respresentatives of the different citizens' groups agreed that the quantity for essential use should be determined from allowances for various necessary end uses such as lighting, cooking, space heating and water heating. Paul Borrmann of UCU and Charles Meyer of the Social Development Commission suggested that the lifeline quantity reflect some level of appliance efficiency. Mr. Borrmann further stated that the lifeline quantity could be tied to such factors as size of dwelling, number of occupants, age of occupants and geographic location, but only if those factors could be easily administered and easily understood by lifeline customers. They also suggested that customers should be given an annual allowance for space heating, rather than a monthly allowance, to help smooth out the effect of monthly weather variations which occur throughout a normal heating season. Cross-examination of Mr. Borrmann and Mr. Meyer centered on whether or not administration of this type of lifeline rate design would be feasible.

Criticism by other intervenors of inverted rate designs in general was based on the arguments that an inverted rate does not reflect cost of service, does not promote conservation to the extent seen by its advocates, could have a detrimental impact on large users without means of reducing their consumption, and would increase revenue instability for the utility.

The issue was raised of whether or not lifeline rates should be subject to Fuel Adjustment and Purchased Gas Adjustment Clauses. UCU and two utility witnesses testified that if lifeline rates are to be of real assistance to customers, the lifeline rate should not be subject to adjustments, at least until the level of non-lifeline rates rises significantly above the rate for essential use. Commission staff and some utility witnesses believed that no rate should go below the commodity cost of gas or the incremental cost of providing electricity and therefore recommended that adjustment clauses be applied to lifeline rates.

Eligibility Criteria

Testimony was given in the record which focused on whether or not a lifeline rate program should involve eligibility criteria and possible guidelines for determining eligibility criteria.

Citizens' groups generally argued that lifeline rates should be offered to all residential customers and thus should involve no eligibility criteria.

Utility and industrial intervenor witnesses preferred lifeline rates which involve eligibility criteria, but did not offer any suggestions as to what criteria should be used.

The commission staff witness recommended that if a lifeline rate program were adopted, that program should involve eligibility criteria because eligibility criteria permit the distribution of benefits to those most seriously in need of assistance. Staff advised that the following considerations influence the choice of specific eligibility criteria: (1) The choice of administrator (utility or social agency) of eligibility criteria for a lifeline program; (2) the desired total cost of a lifeline program and the desired increase in bills of non-lifeline customers; (3) the desired level of benefits which accrues to the typical lifeline customer; and (4) the desired total number of lifeline customers. Staff did not make any recommendations on what specific eligibility criteria should be used.

Program Administration

Various views were presented in the record on the subject of lifeline program administration for both non-targeted and targeted lifeline rates.

For non-targeted lifeline rates, nearly all parties agreed that the administrative burden and costs of such a program were minimal.

For targeted lifeline rates, most parties agreed that the administrative burden and costs associated with certifying eligibility for lifeline rates were far more substantial. In general, utilities indicated that the burden of certifying eligibility for lifeline rates should fall on social agencies. Most utilities made it very clear that they were not comfortable analyzing income data from lifeline applicants to certify their eligibility for lifeline rates. The commission staff witness did not make any specific recommendation as to which entity should be responsible for certifying eligibility for lifeline rates. However, the staff witness did note that there were inherently many more problems associated with having a utility administer eligibility criteria as opposed to having a social agency administer eligibility criteria. Staff also noted that such factors as the definition of income and household should be considered by the commission when adopting eligibility criteria for lifeline rates.

Impact on Conservation

Conservation was a major issue in this case, as proponents of the non-targeted inverted lifeline rate cited conservation as one of the primary reasons for its implementation, while others testified that any form of lifeline rate would result in increased consumption by the residential class.

It was frequently pointed out in these proceedings that many people now believe that efforts to reduce consumption will not result in lower bills, but will simply result in higher rates. This perception appears to be a partial consequence of well-publicized rate cases in which the necessity of rate increases has been attributed to decreased sales. As long as a portion of a utility's fixed costs are collected via commodity rates, this will occur. In addition, the fuel and purchased gas adjustment clauses continue to push energy prices up at a rate which frequently exceeds the rate of conservation, with the result that a customer may reduce consumption and still see the dollar amount of his or her bill increase.

Advocates of an inverted lifeline rate which would freeze the price of the lifeline block contend that a person's ability to realize an actual decrease in his or her bills as a result of conservation efforts would serve to stimulate such efforts. The higher priced tailblock would also increase the dollar savings for persons who reduced consumption within that block, above the savings which would occur under present rates. Many witnesses believed that residential customers would base their consumption decisions on that tailblock rate.

Because the inverted lifeline rate proposal is more often than not accompanied by a shift in revenue responsibility to non-lifeline customers, and thus a lower total bill for the lifeline customer, the argument was made by many witnesses that a lifeline rate would reduce conservation efforts by the residential class. Artificially low bills may give the consumer an unrealistic perception of the true cost of energy. While it was generally agreed that even a decrease in rates would not cause customers to undo existing conservation progress such as attic insulation, many participants, including the commission staff, expressed a concern that lifeline rates would relieve the economic pressure to implement further conservation measures or even to continue efficient usage patterns, such as lower thermostat settings. Conservation, i.e. more efficient use of energy and the resulting reduction in energy required for essential needs, was seen as the only real long-term solution to the problem of high energy bills, because limited resources make higher prices inevitable.

The debate centers over the issue of whether people make their consumption decisions on the basis of the marginal rate or on the size of the overall bill. As with many of the issues in this proceeding, little if any concrete data exists regarding the actual conservation impact of lifeline rates. While some conservation has assuredly taken place in other states which have had lifeline programs, there is no evidence to indicate that either more or less conservation would have taken place without lifeline. Each individual's evaluation is based upon his or her perception of how people react. Judgment is involved and the commission here must rely upon its own judgment and experience in this very important matter.

The impact on conservation by non-lifeline customers is also at issue. A representative of UCU testified that the price elasticity, and thus the potential for conservation, is generally greater for industrial consumption compared to residential consumption. If this is true, a revenue shift from residential to commercial and industrial customers would result in more efficient use of energy overall. Representatives from industry disputed this assumption, however, and stated that the impacts of increased prices to commercial and industrial customers could instead result in increased prices of goods and services, a hesitancy within business to expand or locate in Wisconsin, or a decision by these customers to switch to a nonregulated energy supply, such as oil or self-generation. These secondary effects of lifeline would be detrimental to residents of Wisconsin.

As an additional consideration, it was pointed out at the hearings that lifeline rates for electricity could induce some residential customers who presently heat with fuel oil to switch to electric space heating by creating a significant price differential between the two fuels. Many people who heat with fuel oil live in rural areas without access to natural gas, but essentially all would have access to electricity.

Equity

The equity of lifeline rates was viewed in many different ways in this proceeding. To a large extent, the differences of interpretation arose because of the ambiguity associated with the term "equity".

Some of the participants in this proceeding viewed equity in the context of how the benefits of a lifeline program would be distributed. From this perspective, lifeline rates could be viewed as equitable if they produced any of the following results: (1) Lifeline rates give all households access to some minimum amount of energy at a minimal cost. They are therefore equitable because all households are afforded the same opportunity to purchase a basic amount of energy. This view was expressed by citizens' groups and the commission staff. (2) Inverted lifeline rates distribute benefits according to need in that low-income customers are those most likely to consume small amounts of energy and are therefore most likely to receive benefits under an inverted lifeline rate structure. Testimony from members of various citizens' groups expressed this view. (3) Lifeline rates are equitable in that they reward the efforts of both small users and persons who conserve. At the same time they give large users an additional price incentive to conserve. Again, this interpretation of equity was recognized by members of various citizens' groups and the commisson staff.

Other participants in this proceeding regarded the equity of a lifeline rate program in terms of how the costs of such a program would be distributed. The primary view advocated by citizen group participants was that the costs of a lifeline program are distributed equitably, both to those customers whose ability to pay is greatest and to those whose options to conserve energy are greatest. Utilities, industrial intervenors and the commission staff expressed the view that lifeline rates are or may be inequitable if they distribute the costs of a lifeline program so that some customers are charged more than the cost of service while others are charged less. These parties viewed any program which caused a significant deviation from cost of service principles as inequitable. Finally, utility representatives and the commission staff regarded a lifeline program as inequitable if a portion of its costs were borne by persons who heat with fuels other than natural gas or electricity, by renters who are not directly assessed for energy costs, or by certain cooperative electric customers whose rates are not regulated by the Public Service Commission of Wisconsin.

Legality

The statutory authority of the Public Service Commission to order lifeline rates was questioned during the hearings and in the briefs. The commission is empowered through the Wisconsin Statutes with the responsibility of ensuring that charges for public utility service are "reasonable and just" (Section 196.03) and of prohibiting unjust discrimination, defined as either unreasonable preference or advantage or unreasonable prejudice or disadvantage given to any person (Section 196.62).

Proponents of lifeline rates interpret the commission's responsibility in rate-making to include consideration of the impact of such rates on low-income customers. The commission has, in fact, recognized these impacts in many of its orders.

Targeted lifeline rates would require the commission to extend this consideration to actual rate design based on ability to pay.

Proponents of non-targeted lifeline rates argue that such rates are both cost-justified on a marginal cost basis, hence reasonable and just, and non-discriminatory because they are available to all residential customers of the utility.

The concept of a targeted lifeline rate was charged by some intervenors and utilities as being inherently discriminatory because rates would be differentiated by the income or age of the customer and not by the quality or cost of the service provided. Recent decisions frequently cited were by the Colorado Supreme Court and by the Oregon Public Utility Commissioner in which targeted lifeline rates were determined to be outside of commission authority.

The legal arguments against a non-targeted lifeline rate center about the interpretation of what constitutes unreasonable and unjust rates. Because first, it is not possible to determine the exact cost of serving a single customer and second, it is administratively infeasible to design a separate rate for each customer of a utility, deviations between cost-of-service and rates may exist. In addition, the commission must consider other factors, such as stability of rates and revenues and promotion of conservation in determining the reasonableness of a particular rate. Nonetheless, cost-of-service has in the past been of paramount importance. A rate design for a customer class which incorporates the cost of providing lifeline rates to another class of customers represents significant deviation from the past. Some witnesses testified that such rate making would in effect constitute taxation. While rate making is indeed the function of the Public Service Commission, taxation for the purposes of income redistribution was seen by many to be a function of the legislature.

Other Programs

Consideration of both existing energy assistance programs and alternative program proposals is germane to the question of the need for lifeline rates and to the question of the effectiveness of lifeline rates.

Carl Martin of the Department of Health and Social Services (DHSS) appeared in the proceeding to describe the basic points of the Energy Assistance Program, a direct cash grant program administered through DHSS and funded by the Windfall Profits Tax. The amount of each grant is dependent upon the customer's income and heating fuel.

As noted earlier, UCU contended that lifeline rates were not intended for the same purpose as an assistance program. Existing assistance programs were perceived as inadequate in that not all persons in need apply for assistance, that persons with incomes above the designated criterion receive no assistance, and that benefit levels are inadequate. In their opinion, lifeline rates should be seen as a complement to assistance and weatherization programs rather than as a replacement or an alternative. UCU suggested that in addition to authorizing lifeline rates, the commission could support a mandatory weatherization program in the legislature, and could assist in developing standards for the program.

Charles Meyer testified that an alternative to lifeline would require five or six times the amount of money that will be available nationally this winter for energy assistance, combined with a massive outreach program to serve the low-income and working poor in all areas of the country.

The utilities and the industrial intervenors argued that other programs were more appropriate to assist low-income customers than lifeline rates. Alternative programs to lifeline rates were suggested. James Klauser, representing the industrial intervenors, supported the idea of a tax credit or rebate for energy assistance, similar to the homestead tax credit, based on income eligibility and information on the yearly tax forms. Kenneth Knapp, representing Consolidated Papers, Inc., favored a duel system of weatherization stamps and energy stamps.

Several utilities submitted a direct bill credit plan in which a social service agency would certify eligible households and notify the utility to deduct a specific percentage or amount from their bills. Funding would come from government sources. A Wisconsin Gas Company witness reviewed assistance programs in

Missouri, Michigan and Ohio in his testimony. The Missouri and Ohio programs are direct bill credit programs. The Michigan program is designed so that a recipient of basic economic assistance voluntarily allocates a portion (determined by government agencies) of that assistance to be withheld from the check and paid directly to the utility. Any overpayment at the end of the year is returned to the recipient; the state pays any outstanding amount.

The Wisconsin Power and Light Company representative noted that time-of-use rates may provide opportunities for some families to reduce bills. He further stated that a better use of money than assistance programs would be to encourage the wiser and thriftier use of energy through mandatory weatherization programs and increased efficiency of energy use.

Most of the utilities supported the ideas of stronger, more effective weatherization and assistance programs. Many indicated they would be willing to cooperate with the Department of Health and Social Services in minimizing administrative problems of payment or in developing a direct bill credit program.

Staff, as was stated earlier, maintained that access to adequate energy was directly linked to income. Staff favored stronger and more effective direct cash assistance and weatherization programs, available to all low-income citizens, funded through taxes, based on the ability to pay, and administered through traditional social service agencies.

While the adequacy of lifeline rates in comparison to or in addition to other energy assistance programs was disputed, all parties generally agreed that conservation and weatherization programs were an essential element of any long-term solution to the energy problem.

The commission strongly supports the actions of the government and community social service agencies in their efforts to assist low-income persons. The commission views its own role in the promotion of energy conservation as a serious responsibility and a necessary complement to the work of other agencies in this area.

Ultimate Findings of Fact

THE COMMISSION FINDS:

1. That the above discussion is a reasonable and concise statement of conclusions and opinions of parties regarding all material issues of fact.

2. That the Final Environmental Impact Statement on Lifeline Rates describes the effects and impacts of lifeline rates and alternatives to lifeline rates as well as the state of the art of such analysis allows at this time.

3. That appropriate portions of the Generic Environmental Impact Statement on Electric Tariffs and the Generic Gas Environmental Impact Statement have been formally amended to

include the latest information on lifeline tariff issues contained in the Final Environmental Impact Statement on Lifeline Rates.

4. That from the record in this proceeding and the information contained in the Final Environmental Impact Statement on Lifeline Rates the commission concludes that it is not appropriate to implement a specific statewide lifeline rate or general lifeline rate program at this time.

5. That after full consideration of the record in this proceeding, of the information in the Final Environmental Impact Statement on Lifeline Rates, and of all the issues discussed therein, including:

a. definition and objectives of lifeline rates;
b. efficiency of lifeline rates;
c. cost of service and lifeline rates;
d. lifeline rate design and implementation;
e. impact on conservation;
f. equity of lifeline rates;
g. legality of lifeline rates; and
h. alternatives to lifeline rates,

the commission finds that lifeline rates are an appropriate issue to be considered in individual rate proceedings where the actual impacts of such rates can be properly evaluated.

6. That in individual rate proceedings where lifeline rates are being considered, all of the information contained herein shall receive official notice and be given item designation in that case.

7. That in individual rate proceedings where lifeline rates are being considered, the Final Environmental Impact Statement on Lifeline Rates shall receive official notice in that case and be given item designation.

8. That every party in an individual rate proceeding where lifeline rates are being considered shall be afforded adequate opportunity to provide additional information that is not already contained herein or in the Final Environmental Impact Statement on Lifeline Rates.

Conclusion of Law

THE COMMISSION CONCLUDES:

That in accordance with s. 227.08(2), Wis. Stats. and section PSC 2.35(1)(b), Wis. Adm. Code the commission can officially notice and give item designation to the above findings of fact and the Final Environmental Impact Statement on Lifeline Rates in individual rate cases and will so order herein.

Order

THE COMMISSION ORDERS:

1. That all of the information contained herein in the preceding Findings of Fact and in the Final Environmental Impact Statement on Lifeline Rates shall receive official notice and

item designation in each rate case where lifeline rates are being considered.

2. That in all other respects the investigation in Docket 05-UR-9 is concluded and the docket closed.

The concurring opinions of Chairman Stanley York and Commissioner Willie J. Nunnery are attached.

Dated at Madison, Wisconsin, March 3, 1981

By the Commission.

Jacqueline K. Reynolds

Jacqueline K. Reynolds
Secretary to the Commission

STANLEY YORK, CHAIRMAN, CONCURRING: 05-UR-9

The lifeline issue raises the question of the very nature of the Commission's activities in two respects. On the one hand, lifeline suggests that the Commission has either an opportunity or obligation to go beyond what I consider to be its fundamental obligation in ratemaking and, on the other hand, suggests that the view of rights of citizens should be substantially changed.

It is my understanding that the Commission is to perform the function of competition for a franchised monopoly. Society has made the decision that it is not in the public interest to have public utilities in competition with each other. The Legislature created the Commission to set rates and authorize construction in a manner that reflects rates and construction as they would exist if there were competition in this regulated marketplace.

The concept of targeted lifeline rates suggests that it is within the purview of the Commission to recognize that increasing utility rates impact more heavily on some groups than on others, and that it is within the authority of the Commission to mitigate those impacts through what amounts to income redistribution. For the Commission to pursue this direction would be a radical and inappropriate departure from our historic mission. We have no statutes, case law or traditional guidelines to suggest which class of customers should receive the benefits of this redistribution, much less the level of such benefits. I believe that it would be totally inappropriate for an appointed body to take that kind of authority unto itself. I believe strongly that such a responsibility belongs only to elected officials and the legislative process.

I am an advocate of progressive taxation and feel that is the only appropriate method for income redistribution. Targeted lifeline rates do not take into account the income of the non-recipient. As a matter of fact, you can very well have a person whose income is just over the established income limit paying a rate higher than the cost to serve that person, with the result that the lifeline rate becomes a regressive tax for that person.

The suggestion has been raised that, in these days of tight money at the state and federal levels, there can be no relief from those quarters for this purpose. Because somebody else cannot do something right does not justify the Commission doing something wrong. To use the rates process to accomplish a legislative purpose that is really not ratemaking, but backdoor taxation, is inappropriate. In fact, even if this use of the rates process is mandated by the Legislature, it is still wrong.

The argument for a non-targeted lifeline is fatally flawed for a quite different reason, though some of the same arguments are used to support a non-targeted lifeline as are used in the case of the targeted. The fatal flaw in the non-targeted argument is the underlying assumption that some customers (residential) have a right to a certain minimal amount of service and that this right should be recognized by charging a lower rate for that minimal amount of service. To my knowledge this society has never said that any individual has a right in any form to a preset quantity of any product or service provided by the private sector of our economy. Proponents of the non-targeted lifeline rate seem to assume that electricity and natural gas are inherently different from bread and potatoes and that a different payment mechanism should therefore be applied. I do not accept that premise. I am convinced that people have a right to survive and that the Legislature has an obligation to see that the right to survival is fulfilled. However, I do not think categorical aids are the best way to meet that need. Low income persons should have the right to decide how they will dispose of their available income without government determining what proportion should be spent on any particular item.

Beyond these two fundamental issues are several others which, to my mind, would prevent implementation of lifeline rates. The first is that the proponents of both kinds of lifeline have been unable to come up with a reasonable method for determining a lifeline amount. Quantities of usage vary so substantially in terms of number of family members, number and type of appliances, and the kinds of fuel resource used as to make any single number useless. The changes in these elements occur so rapidly and without any knowledge on the part of the utility, that utility management of a lifeline rate which attempts to "individualize" the lifeline amount to these characteristics would be impossible. The one variation on this theme is the proposal of a discount rate which does overcome the administrative barriers, but also violates the precept that certain residential customers have a right to a certain amount of service at a reduced rate.

Proponents of a non-targeted lifeline rate have struggled to find a way of saying that such rates might be "cost based." To use the marginal rate for the tail block and the embedded cost for the first block is to pretend that apples are oranges and that nobody will be able to tell the difference. Cross class, as well as intraclass, subsidies are also a problem here. Lifeline rates by definition are not cost-based, and any claim that they are violates the very definition that the proponents seek to establish for lifeline rates.

I am deeply concerned that all of the proposals for lifeline rates will have a serious adverse impact on a substantial number of low income people. It is apparent from the record that the number might go as high as 25% of those with low incomes. Even if I could accept the philosophy of a lifeline rate, I cannot support a rate which selects out that large a segment of people and imposes a penalty on them simply because their usage is high. I have consistently voted against inverted rates on this basis and continue to feel that to do otherwise would be unjust.

In summary then, I feel that both targeted and non-targeted lifeline rates are flawed in concept and impossible to administer.

I must add a footnote to this opinion in regard to the impact of rates on low and middle income people. Survival is becoming a very serious question for too many people. The price of natural gas and electricity is forcing choices that should not have to be made. The Legislature has a very serious and painful responsibility to deal with this question. The Commission has an equally serious and painful responsibility to keep utility costs to an absolute minimum. This proceeding has again reminded me of this responsibility and reinforced my determination to do what we can about it. The hard fact is that utility rates are going to continue to rise so long as we operate in an inflationary economy and rely upon non-renewable sources of energy. The hard responsibility is to keep that rise to the absolute minimum possible.

Stanley York

Stanley York
Chairman

WILLIE J. NUNNERY, COMMISSIONER, CONCURRING: 05-UR-9
1-AC-10
1-AC-14

This Commission, pursuant to section 114 of the Public Utilities Regulatory Policies Act of 1978 (PURPA), in these consolidated dockets sought to determine whether lifeline rates should be implemented for Wisconsin electric and gas utilities. From a jurisdictional view, I do not believe that this Commission has the authority under Chapter 196 to issue such a rate because a lifeline rate structure or design would be discriminatory. Moreover, the purview of Chapter 196 does not grant this Commission powers to discriminate within a certain class of customer because of ability to pay or to further energy conservation; nor does this Commission's authority allow it to recoup the revenue loss within a class caused by distributing the burden created by select ones within a class upon others of the same class.

While promotion of conservation and the guarantee of basic "essential" amounts of energy at the lowest possible price is desirable, this social objective cannot be met with the present regulatory authority conferred upon this Commission. It is the state's responsibility through taxation to alleviate the burden of utility bills on low-income customers, the elderly, or those on fixed income who might experience hardship in paying their utility obligation. Whether low income customers, middle income customers or high income customers have low utility bills because of their income classification should not be the determinant for establishing rates without clear legislative authority. Rates should be determined by cost-of-service analysis.

Further, I do not believe that lifeline rates should be implemented without a clearly definable statutory prescription for establishing a "justly discriminatory" rate. Section 196.37(1) stipulates that "whenever upon an investigation made under the provisions of Chapter 196 and 197 the Commission shall find rates, tolls, charges, schedules, or joint rates to be unjust, unreasonable or unjustly discriminatory or preferential or otherwise unreasonable or unlawful, the Commission shall determine and by order fix reasonable rates, tolls, charges, schedules or joint rates to be imposed, observed and followed in the future in lieu of those found to be unreasonable or unlawful." Clearly, the intent of this statute is that there is an absolute prohibition against preferential treatment in establishing rates.

Section 2 of 196.37 speaks of unjust discrimination. If unjust discrimination is lawful, does this mean that just discrimination is lawful? Can the establishing of a lifeline rate be viewed as just discrimination? Does this Commission have the power and authority to justly discriminate? While this authority may be implicit in 196.37(2), the consequences of assuming that the Commission can justly discriminate would have very grave consequences in promoting fair regulation. Since the legislature has been silent on this point, it is my view that this Commission cannot confer powers upon itself to do something which has not been expressly conferred upon it, even though the goals are socially desirable.

W. Nunnery

Willie J. Nunnery, Commissioner

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APPENDIX B

In order to comply with s. 227.10, Wis. Stats., as amended by Chapter 208, Laws of 1979, the following parties who appeared before the agency are considered parties for purposes of review under s. 227.16, Wis. Stats.

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